

JPRS 77118

7 January 1981

West Europe Report

No. 1679

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets {} are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

7 January 1981

WEST EUROPE REPORT

No. 1679

CONTENTS

THEATER NUCLEAR FORCES

INTERNATIONAL AFFAIRS

- Alpha Jet Trainers Sold by Dornier-Dassault
(Pierre Darcourt; LE FIGARO, 10 Nov 80)..... 1

ENERGY ECONOMICS

DENMARK

- New Report Indicates Higher Projected Losses for Gas Project
(Peter Kjelstrup; BERLINGSKE TIDENDE, 30 Nov 80)..... 3

FRANCE

- Briefs
Kuwait To Sell Oil 5
National Energy Research Center 5

COUNTRY SECTION

INTERNATIONAL AFFAIRS

- Nordic Countries Expect Large Rise in Unemployment
(Ragnhild Moy; AFTENPOSTEN, 1 Dec 80)..... 6

- Briefs
Nordic Cooperation Funds Allocated 9

CANADA

- Fiscal Policy of Quebec Government Assailed
(LE SOLEIL, 1 Nov 80)..... 10

DENMARK

| | |
|---|----|
| Foreign Minister Olesen Addresses Folketing on SALT (BERLINGSKE TIDENDE, 22 Nov 80)..... | 12 |
| Foreign Minister Olesen: Aid Program To Be Improved (Lisbeth Knudsen; BERLINGSKE TIDENDE, 21 Nov 80)..... | 14 |
| Folketing Foreign Policy Debate Centers on East-West Tensions (BERLINGSKE TIDENDE, 22 Nov 80)..... | 15 |
| Economic Experts Suggest Remedies for Crisis (Frank Dahlgaard; BERLINGSKE TIDENDE, 4 Dec 80)..... | 17 |
| Bornholm Population, Officials Resent Defense Cuts (Jens Thomsen; BERLINGSKE TIDENDE, 5 Dec 80)..... | 19 |
| Pro-IRA Terrorist Group Claims Responsibility for Fire (Hans Moller, Bent Bak Andersen; BERLINGSKE TIDENDE, 21 Nov 80)..... | 22 |
| Briefs | |
| Government Initiatives by May | 24 |
| New Faeroese Government | 24 |

FEDERAL REPUBLIC OF GERMANY

| | |
|---|----|
| Kinkel To Be New Coordinator of Intelligence Services (Friedrich Karl Fromme; FRANKFURTER ALLGEMEINE, 24 Nov 80)..... | 25 |
| Poehl, Bankers Comment on Monetary Policy (Erl; FRANKFURTER ALLGEMEINE, 28 Nov 80) | 28 |
| Job Absenteeism Sharply Reduces Average Workweek (FRANKFURTER ALLGEMEINE, 2 Dec 80) | 30 |
| Cost, Manning of New Naval Frigates Described (WEPRTECHNIK, Nov 80) | 32 |

FINLAND

| | |
|--|----|
| Euromissiles May Cause Problems for Neutrality (Hugo Gaarden; AKTUELT, 15 Dec 80) | 34 |
| Energy To Continue Dominant in Finnish-USSR Trade (HUFVUDSTADSBLADET, 10 Dec 80) | 36 |

| | |
|--|----|
| Country May Again Be Industrial World's Growth Leader in 1980 (SVENSKA DAGBLADET, 29-31 Oct 80) | 38 |
| Wage Pact's Inflationary Pressure, by Lars-Georg Bergkvist | |
| Finance Minister Warns, by Lars-Georg Bergkvist | |
| EC Worried About Policy, by Lars-Georg Bergkvist | |
| Overcapacity in Forest Industry, by Axel Odelberg | |
| Valmet Chief Looks Abroad, by Lars-Georg Bergkvist | |
| Wartsila Begins Plan Work on Nuclear Icebreaker for USSR (HELSINGIN SANOMAT, 4 Dec 80)..... | 53 |
| Armed Forces Approve Cutting Plan for Forests (HELSINGIN SANOMAT, 4 Dec 80)..... | 54 |
| Briefs | |
| Budget Increased 135 Million | 56 |
| FRANCE | |
| President Seen Acquiring More Power, Parliament Waning (LE MONDE, 20, 15 Nov 80; LE FIGARO, 14 Nov 80)..... | 57 |
| Conflict With Constitution, by Pierre Marclhacy | |
| Executive Branch Ignores Parliament, Roger Chénaut | |
| Interview | |
| President Without Controls, by Alain Guichard | |
| Summary of Marchais' 131 Proposals for 1981 Election (LE MONDE, 22 Nov 80)..... | 61 |
| Nation Mobilizes for Bio-Industrial Advances (Gilles Coville, Jacqueline Geraud; LE NOUVEL ECONOMISTE, 10 Nov 80)..... | 64 |
| Thomson-CSF Official Interviewed on Weapons Markets (Jean de Mercey Interview; AVIATION MAGAZINE INTERNATIONAL, 15-30 Nov 80)..... | 72 |
| Thomson-CSF Laboratory Active in Optoelectronics (F. Grosvalet; ELECTRONIQUE ACTUALITES, 7 Nov 80)..... | 75 |
| New Book Claims Ties Among Secret Service, Pompidou, Giscard (Jacques Isnard; LE MONDE, 25 Nov 80)..... | 78 |
| Reims Air Control Center To Be Operational by 1983 (G. Bidal; ELECTRONIQUE ACTUALITES, 28 Nov 80)..... | 82 |
| New Immigration Policy Seen Encouraging (Henri Gibier; LE NOUVEL ECONOMISTE, 1 Dec 80)..... | 85 |
| Briefs | |
| Aircraft Deliveries | 87 |
| Naval Aircraft Development | 87 |
| New Military Helicopter | 87 |

SWEDEN

| | |
|--|-----|
| Paper Discusses Latest Poll Showing Decline for Moderates (Editorial; DAGENS NYHETER, 2 Nov 80)..... | 88 |
| Economic Preparedness Chief Urges Increased Funds (DAGENS NYHETER, 15 Nov 80)..... | 89 |
| Business Will Be Less Acquiescent Toward Government in 1980's (Tom Hoyem; BERLINGSKE TIDENDE, 30 Nov 80)..... | 91 |
| Paper Criticizes LO's Wage Demands as Irresponsible (Editorial; DAGENS NYHETER, 19 Nov 80)..... | 94 |
| Employers' Federation To Adopt More Political Role (Glas Barkman; DAGENS NYHETER, 17 Nov 80)..... | 96 |
| Briefs | |
| Leftist Students Win | 100 |
| Technical University Elections | 100 |

ALPHA JET TRAINERS SOLD BY DORNIER-DASSAULT

Paris LE FIGARO in French 10 Nov 80 p 4

[Article by Pierre Darcourt]

[Text] A winged dolphin with elegant lines built and equipped to maneuver, dive, and spin between earth and sky without failure--such is the impression that the Alpha Jet gives to those who look at it and those who fly it. The pilots of the famous French patrol, who have just received six units, emphasize the three major characteristics of this airplane by comparing it to the Fouga Magister which has amply proved itself: greater facility for close flying in formation, a power reserve (thanks to the increased thrust of its jets) which enable it to perform acrobatic maneuvers (loops and horizontal rolls) with a greater margin of safety, and last, more spectacular controllability in solo flight due to a higher rate of roll (the airplane turns about itself more rapidly).

Built in cooperation with the Federal Republic of Germany to be an advanced trainer and tactical support aircraft, the Alpha Jet stands out as an exceptional aeronautic success.

The certification tests and the flight tests which the aircraft has undergone and the operational evaluations effected by the general staff of the Luftwaffe have demonstrated the ruggedness and remarkable performance of the Alpha Jet. But it is probably in the United States that the Dornier-Dassault twin jet has made the greatest impression. After a round of 4 weeks of demonstration conducted at 8 naval air bases and 100 flights made with 67 American pilots in the cockpit, the Alpha Jet A 58 has aroused the enthusiasm of technicians and flyers across the Atlantic.

The 67 American pilots, all with a very high level of experience, who handled the airplane during these demonstrations, expressed only the highest praise. "Excellent airplane for acrobatics, training, and aerial combat maneuvers. Would make an excellent shipboard aircraft. Impressive performance, best specific consumption ever seen; the instructors will have more time to control ground approach and landing, perfect stability and visibility. Excellent climbing speed in all flight configurations." The French Air Force has already selected the Alpha Jet as the trainer for its fighter pilots. The Federal Republic of Germany, for its part, has adopted the tactical support version. The small size of the airplane (length of 12 meters and span of 9 meters) in

fact give it a weak "radar signature," a decisive advantage in a severe electronic warfare environment. Formidably armed--very precise 27-millimeter automatic cannon and 2.2 tons of bombs or rockets--in addition to its missions of reconnaissance over front lines and direct ground support, it will be able to participate in interdiction of nearby battlefields by being devoted, in particular, to destruction of helicopters.

Up to the present 496 Alpha Jet aircraft have been sold by the manufacturers to 8 different countries: Federal Republic of Germany, France, Belgium, Spain, Finland, Indonesia, Morocco, and a country of the Middle East...not yet delivered.

11706

CSO: 3100

NEW REPORT INDICATES HIGHER PROJECTED LOSSES FOR GAS PROJECT

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 80 pp 1, 30

[Article by Peter Kjelstrup]

[Text] New calculations made by BERLINGSKE SONDAG show that the losses on the natural gas project will be much larger than the 23 billion kroner B&W [Burmeister & Wain] came up with in the analysis released recently.

The new calculations which are confirmed by a group of former B&W workers led by former B&W director Jesper E. Rasmussen, show that the deficit under the same terms used in the first B&W calculation has risen to 29 billion kroner.

Before the decision was made to bring in natural gas the calculations were made available to Folketing but B&W was asked by the government to keep the figures to itself.

Since these calculations were made in 1978, however, the government has made some big undocumented changes in two vital factors, namely administration costs and investment size. Thus according to the latest information the administration costs have suddenly been cut in half compared to the 1977 figures and the total investment, quite contrary to price increase and inflation, has declined from 15 billion according to an energy policy report from 1976 to just 9.6 billion kroner now.

If these figures are used one arrives at a slightly better result than the one in the earlier B&W report, namely 20.3 billion kroner in fixed prices. That is the figure confirmed by the calculating group under the leadership of Jesper E. Rasmussen.

The group now wants to make an entirely new and detailed study of the whole gas project.

However the BERLINGSKE calculations reveal a whole string of irregularities in the basic assumptions used by the government to arrive at the conclusion that the gas project was profitable. The oil prices used in the government's calculations have been set too low at various times and one of the earlier calculations had forgotten to allow for the fact that the gas costs money. When this was

pointed out by the oil industry's Joint Council, which set a bottom price of 40 ore per cubic meter at that time, the government changed the whole calculation, but still arrived at roughly the same result. None of the government tables has shown what lies behind them and how the results were reached while the final price is kept a secret.

The last of the three reports written by B&W in 1978 showed the advantage of selling the gas to the Germans. That would turn a billion-kroner deficit into a billion-kroner surplus. The results of that report would be even more relevant today. While Danish natural gas is bought by DONG [Danish Oil and Natural Gas] from DUC [Danish Underground Consortium] at a price a little below 1 krone per cubic meter the market price of oil in Europe has risen considerably. The Germans are negotiating for the purchase of gas from Russia at a much higher price. A negotiating offer at the moment is 1.55 kroner per cubic meter.

6578

CSO: 3106

BRIEFS

KUWAIT TO SELL OIL—Kuwait will sell oil to France at the rate of 30,000 barrels a day (375,000 tons for the last quarter). The two French companies will divide the oil equally. If the contract is fulfilled "at the official price," Kuwait has demanded as a counter that the French companies take delivery of 80,000 tons of propane (at first the emirate wanted to sell 150,000 tons at a price more than \$100—including transport—higher than the current price of propane in Europe). That raises the price of Kuwait's petroleum by about 2 dollars a barrel if that propane is taken to France. A 2 dollar increase is exactly the amount of the increase anticipated by the English-Language weekly GULF TIMES for the next OPEC meeting in Bali. Quoting "reliable sources," the Qatar magazine declares that such an increase will permit OPEC prices to overtake "the constant increase in the prices of foodstuffs and industrial goods in the world." It is true that OPEC's production has not been so low for 5 years. According to the PETROLEUM INTELLIGENCE WEEKLY for September, it has reached on the average only 23.4 million barrels a day. This level is certainly a result of the war between Iran and Iraq, but it is chiefly due to the sharp decline in world demand. If the industrialized countries are to avoid greater price increases they will have to dip into their reserves. From 1 October to 31 December 1980 the members of the International Energy Agency will draw 32 million tons of petroleum from their stockpiles, of which 22 million tons will come from terrestrial stocks and 10 million from maritime stocks. Mr Dantske, executive director of the agency, made this statement on 22 November. On 30 September the reserves of the 21 member countries (the large Western consumers with the exception of France) were estimated at 460 million tons on land and 30 to 40 million tons on the sea. [Text] [Paris LE MONDE in French 25 Nov 80 p 46] 12,116

NATIONAL ENERGY RESEARCH CENTER—Poitou-Charentes produces only 4 percent of the electricity it consumes. Hence the nuclear generator project at Civaux (Vienne); also, some geothermal experiments are taking place at Jonsac (Charente-Maritime). However, the public authorities are counting on giving an impulse to research by calling on the University of Poitiers, which is well staffed (260 researchers and teachers). The state, which wants to turn this city into a "center of national dimension," will finance a hall for the pressurized chemical reactors and a number of pieces of equipment: a high-temperature thermodynamic conversion system, a test bank for thermic and solar components, etc. [Text] [Paris LE MONDE in French 2 Dec 80 p 43] 12,116

NORDIC COUNTRIES EXPECT LARGE RISE IN UNEMPLOYMENT

Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 25

[Article by Ragnhild Moy: "Harder Fight for Jobs"]

[Text] At the same time as economic developments move us toward greater unemployment, the labor market is beginning to acquire a tougher character, and access to jobs is becoming more difficult. The weak are being shut out, and there are many of them. The largest groups are the youth, the elderly, and women. These groups are so large that it is misleading to call them marginal. Rather it looks like we are nearly at the point where the group that fits the labor market is marginal, and that should give reason for thought. This was discussed at a seminar on unemployment and occupations in the Scandinavian countries which was recently conducted at Aarhus.

Even if the degree of unemployment varies in the Scandinavian countries, the same developments are taking place throughout. All the countries fear growing unemployment through the 1980's, but nobody dares venture a guess as to its size.

Denmark and Finland have for several years fared the worst, and at the moment their unemployment is around seven and five percent respectively. In Sweden it is about two percent, and in Norway the latest figures indicate 1.3 percent unemployment. It must be said that the numbers can not be directly compared, because the four countries calculate unemployment in different ways.

Danish Labor Minister Sven Auken estimates that the actual unemployment figure is 5 percent at the highest. In Denmark unemployment is determined by how many are receiving unemployment compensation, but not all of the approximately 180,000 who now receive it are available to the labor market. People who have part-time employment, for example, are entitled to receive unemployment compensation.

In Norway unemployment is probably somewhat higher than reported, partly because a large number of job seekers are not entitled to unemployment compensation and they therefore see no reason to report to the labor office.

Auken pointed out the paradox that employment has never increased faster than in the crisis years. Access to the labor market is almost quadruple what it was in the 1960's.

Danish labor director Kaj Westergard was concerned about the changes which have taken place in the Scandinavian labor market during the past 5 to 10 years. One aspect of these developments is that there is increasing demand for manpower regardless of the job. Even for jobs in the lowest social scale, the requirement for specialization increases. This eliminates jobs which the less qualified could previously have had. This has caused many who could have managed on the labor market to take early pensions or other forms of social coverage.

Dividing the Labor Market

Another aspect of the developments in the labor market is the tendency toward a divided market which separates workers into category A and category B. Manpower has gradually become a burdensome item on business budgets, and it has also become more difficult to get rid of workers.

So more and more businesses, primarily the big concerns, look at their personnel policies the same way they look at their investment policies. This means that they seek to recruit only young people and place them in their own training systems. In that way employees can have prospects for a good future within the firm. But sometimes problems are created if later one wishes to break out of this internal labor market. Westergard has the impression that this type of personnel policy is spreading rapidly in Scandinavia.

Outside of this privileged market another market is developing for those who are not qualified to enter the first. In the other market are those least equipped, who are often dependent on the public sector.

Westergard raised the question of whether we have put too much emphasis on our social systems with security in mind, and not enough on preparing workers to fit into the labor market.

Westergard blamed the new technology for impeding efforts to create equality between the sexes on the labor market. This will effect the production of goods and performance of services to a degree which we still do not know. We do know that the women's share is rather large.

Another circumstance is that in all the Scandinavian countries it is said that growth in the public sector must be halted. That will hit women harder than men because more women are employed in the public sector.

Sexually Divided Labor Market Must Go

"We risk creating special problems in the female labor market if we do not do something to correct this," said Westergard. What he is doing to make women more capable of competing on the labor market is to try to get them into jobs previously reserved for men. In other words one must become more closely acquainted with the sexually divided labor market.

In practice this is done by each region in Denmark appointing an equality consultant at the employment agency who will try to influence the employers' ideas. The

largest opposition to female labor in male dominated employment comes from the labor unions in the firms, according to Westergaard. People are afraid that the wages will be lower when women come on the job.

Labor activities for women vary somewhat in the Scandinavian countries. That is to say that it is very low in Norway in comparison with the other countries which have approximately the same standards.

Office manager Else Marie Kjerkegaard in the Danish Labor Ministry said that 85 percent of Danish women between 25 and 34 are actively employed. Among the married women in this age group 84 percent are employed, and for women with children from 0 to 6 there are 87 percent employed in Denmark. But 44 percent of all women have part-time work, while only 4 percent of the men have part-time work.

In Norway 49 percent of married women have wage-earning jobs, and half of them work part time, according to office manager Kari Vangenes from the equality office. One-third of the women between 30 and 34 have part-time work, while 40 percent in the same age group have no job at all. At the same time 97 percent of the men in this age group have full-time jobs.

High unemployment among Danish college graduates is a cause for concern. Jakob Lange, who has several government positions, among which he is chairman of a local employment office, put it this way: What is the effect on the community if a large group of well-educated and articulate people are unemployed? Previously as a rule one found the unemployed among the lowest social groups, people who did not have the same ability or opportunity to make themselves effective as today's Danish college graduates.

The way of managing unemployment varies from country to country. Denmark pays for unemployment, while Sweden places people in training facilities or keeps them occupied in other work projects, said Svend Auken. According to Assistant Director Clas Almen from the Swedish Labor Market Board, Denmark has the most generous unemployment compensation in Scandinavia, while Sweden takes second place, followed by Norway and Finland.

But Sweden invests the most in labor market efforts and employment services. In Denmark, Finland, and Norway there were respectively 340, 350, and 360 employment agents in 1979, while Sweden had 2,900 employment agents.

Labor director Reidar Danielsen emphasized that in Norway it takes a rather large portion of the capacity of the employment service to help the weakest groups. There is therefore relatively little capacity left to help the able-bodied workers.

Kari Vangenes said that low capacity in the labor offices is partly responsible for the employment of Norwegian women being so low.

9287
CSO: 3108

BRIEFS

NORDIC COOPERATION FUNDS ALLOCATED--At a meeting in Oslo, the Nordic Council of Ministers allocated 34.7 million kroner to Nordic cooperation for next year. One of the largest amounts, 2.6 million kroner, goes to security research regarding nuclear power. Nearly 6 million kroner have been appropriated for regional policy projects. New cooperative areas have been established, such as Oresund district and the archipelago district Stockholm-Aland-Aboland. Concrete cooperative Nordic projects that receive support are, among others, instituted by a business register for the Trondelags districts in Norway, Jamtland and Vasternorrland in Sweden and Vasa in central Finland. Half a million has been appropriated for various tourist projects. A Nordic tourist year is planned for 1982, among other things. At the same time, pensioners' resources within the Nordic countries will be stimulated. [Text] [Stockholm DAGENS NYHETER in Swedish 15 Nov 80 p 12] 9583

CSO: 3109

FISCAL POLICY OF QUEBEC GOVERNMENT ASSAILED

Quebec LE SOLEIL in French 1 Nov 80 p A 5

[Text] The Quebec government's financial situation, without being desperate, is serious enough to lead the fiscal expert, Marcel Belanger, to propose the adoption as soon as possible of a 5 year recovery plan. Mr Belanger a certified accountant from the Old Capital, considered by many to be the best fiscal expert in Quebec, made this proposal during a lecture he gave yesterday before the members of the Quebec Province Chamber of Commerce.

Stating that he had been entrusted with a delicate task when asked to discuss Quebec's public finances, the fiscal expert declared "I have tried to carry out this task in complete objectivity, well aware that even if it hurts, truth should be heard."

Considering that the most difficult problem is for our political leaders to accept the serious nature of the financial situation we have plunged into, Mr Belanger suggests that we should do the same as in Ontario, where a few years ago a 5 year recovery plan was developed whose aim was holding the growth of budgetary outlays to a rate less than the rate of increase in national production.

"Let us say frankly, we need a 5 year austerity program: eliminate useless expenses, stricter financial controls, moratoriums on new programs and gradual reduction of the indexing of salaries, incomes, and income transfers, except for social welfare payments to truly deprived persons," Marcel Belanger stated.

Indexing

The fiscal expert especially attacked indexing. According to him this method is a mere pain-killer directed at the effects, not the causes of inflation.

If it proves impossible to abolish indexing a good part of the outlays, one must then accept eliminating indexing individual income taxes. It would be difficult, on the one hand, to index upward salaries, incomes, and income transfers and, on the other hand, index downward the most important sources of fiscal revenues, the individual income tax," he affirmed.

While admitting that the current government has seriously tried to brake the increase in outlays having to do with existing health, education, and welfare programs, Belanger asserted that in carrying out a part of its social programs the current

government had undertaken programs without possessing the means, and the effect has been to increase already existing deficits.

Current Outlays

The greatest reproach Mr Belanger addressed to Quebec's Finance Minister is for having constructed into a carefully thought out policy what had previously been a mere expedient of borrowing to finance current outlays. This practice of going into debt to finance current outlays had a timid beginning under the Bourassa government during the 1975-76 fiscal year. Mr Belanger used the term "timid" because the sum was modest, \$99.3 million. Next, in the 1976-77 fiscal year, Mr Carneau became less timid. He borrowed \$398.3 million to finance current outlays.

For his first budget, in 1977-78, Mr Parizeau also acted timidly. Loans of \$296.3 million were used to finance current outlays. But in 1978-79 Mr Parizeau took courage. "The practice of financing a part of current outlays became a well defined, intentional fiscal policy. The Finance Minister began, intentionally, to forecast in his budget speeches larger deficits than capital outlays. In other terms, intentionally and at an accelerating pace the government decided to have recourse to long term borrowing to finance current outlays," Mr Belanger explained. "That was a major turning point in the evolution of Quebec's budgetary policy. What had been a lack of caution during the preceeding two years became what the government now considers a quite acceptable policy," concluded the speaker.

9772

CSO: 3100

FOREIGN MINISTER OLESEN ADDRESSES FOLKETING ON SALT

Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 80 p 9

[Text] It was not a very optimistic picture that Foreign Minister Kjeld Olesen painted of the world situation in his speech yesterday during the foreign policy debate of the Folketing.

"It cannot but cause anxiety and worry that the East-West relations have lately been marked by growing disagreements and tensions," he said. "The continued occupation by the Soviet Union of Afghanistan--contrary to the most elementary principles of international law--has given rise to a very deplorable state of uncertainty in the international situation. The same thing applies to the continued growth of the military potential of the Soviet Union and its military display in the world."

The foreign minister stressed, however, that to Denmark there can be no sensible alternative to a continuation of the efforts at relaxation. However, we seem today to be in a situation where new impulses are awaited in order for the efforts at relaxation and the dialogue to make further progress. This problem will, of course, be one of the central issues for the new U.S. administration which will take office in January. "It is the hope of the Danish Government that the United States under the leadership of Ronald Reagan will combine the safeguarding of its own and common interests of the West with a constructive and open attitude to the vast and urgent East-West problems. Defense and relaxation are to all of us equally important."

The government will follow closely the policy which President Reagan will finally lay down with regard to the question of a continuation of the SALT process. "If a SALT II agreement will have to be given up, and the process comes to a standstill, this will, undoubtedly, give rise to problems to a number of the European allies of the United States. Of course, the government will, in that case, reconsider its position."

Kjeld Olesen pointed out that the need for a close cooperation in the West is greater than ever. This applies to the security policy field but also

to the economic field. The need for a close cooperation with the United States is not smaller today than it used to be. This applies within NATO as well as within the OECD, the GATT, etc.

On the subject of the European cooperation the foreign minister said that the latest initiatives have demonstrated the willingness and ability of the Nine to play a more independent role on the basis of our own special political conditions and possibilities of action. He pointed out, at the same time, that this does not imply any desire on the part of the Nine to change their position in the East-West relations.

7262

CSO: 3106

FOREIGN MINISTER OLESEN: AID PROGRAM TO BE IMPROVED

Copenhagen BERLINGSKE TIDENDE in Danish 21 Nov 80 p 2

[Article by Lisbeth Knudsen]

[Text] Foreign Minister Kjeld Olesen is at present preparing his formal reply to the National Danish Accounting and Audit Bureau and the auditors of public accounts in response to their very strong criticism of the Danish foreign aid program. It will not only be a reply which will take note of the criticism, but, according to Kjeld Olesen, it will also contain a number of comments which will 'help put things right.' In a speech yesterday to the Council for International Development Cooperation, the foreign minister criticized dramatic headings used in the report of the National Danish Accounting and Audit Bureau, adding that, out of a total of 90 projects, the National Danish Accounting and Audit Bureau had only found 'details' in connection with 16 projects which were open to criticism.

At the meeting yesterday, the foreign minister announced two initiatives in connection with the criticism of the development aid program. He pointed to the fact that the criticism has especially been directed toward conditions in the recipient countries. He said that endeavors should be made to find out if it will be possible to increase the demands on the authorities of the recipient countries when it comes to fulfilling the obligations which they have undertaken in the project agreements. The minister of foreign affairs added, however:

"Even if we are considered givers, we must avoid any form of action which may leave the impression among our aid partners that we do not consider them equal members of the world community."

Kjeld Olesen revealed, as another initiative, that he has been in negotiations with Minister of Finance Svend Jacobsen on increased grants to DANIDA. The auditors of public accounts have pointed out directly that an expansion of the staff of DANIDA might form the basis for improvements in the preparation and supervision of Danish aid projects in developing countries. The foreign minister said that he agreed on this point, adding, "There is no doubt that the capacity of DANIDA is too small. It is rare for the auditors of public accounts to recommend an increase in the expenditure of the state, so it is a question of striking while the iron is hot. Now it is only to be hoped that the iron is hot enough."

FOLKETING FOREIGN POLICY DEBATE CENTERS ON EAST-WEST TENSIONS

Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 80 p 9

[Text] The vast majority of the Folketing supports the government's foreign policy as formulated yesterday by Foreign Minister Kjeld Olesen. The EC and NATO form the basis of this foreign policy.

The position of the Folketing is expressed in a resolution proposed by Lasse Rudtz (Social Democratic Party) on the part of the Social Democratic Party, the Liberal Party, the Conservative Party, the Center Democrats, and the Christian People's Party, which runs as follows: "Confirming the membership of Denmark in the EC and NATO, the Folketing takes note of the statement by the foreign minister."

This resolution was supported by 109 votes, in that also the Progressive Party voted for it. Those who voted against it were the Socialist People's Party, the Left-Socialist Party, the Single-Tax Party and two members of the Radical Liberal Party (Tage Drøbye and Aase Olesen), a total of 16 members of the Folketing, while 5 members of the Radical Liberal Party abstained from voting.

Most of the foreign policy debate concerned the East-West relations and the international situation on the eve of a new presidency in the United States. Henning Christophersen (Liberal Party) stressed, among other things, that the United States should not again advocate a policy of blockade, which may lead to economic recession and thus new conflicts. It, therefore, would be important for the EC to pursue a policy which would put the economy in order. Erik Winn-Hansen (Conservative Party) was especially gratified by the foreign minister's statement that the need for a close cooperation among the countries in the West was greater than ever.

A few spokesmen expressed direct hopes for positive results of Ronald Reagan's presidency, whereas Gert Petersen (Socialist People's Party) referred to Ronald Reagan's election victory as fatal because Ronald Reagan has won on the basis of promises of an enormous intensification of the rearmament efforts.

The Progressive Party wanted the Folketing to dissociate itself from the way in which Minister of Labor Svend Auken had described the U.S. president in his 1 May speech. Auken had, among other things, used the expression 'a discarded actor.' The resolution proposed by the Progressive Party was not put to the vote as the resolution proposed by the majority was first put to the vote.

7262

CSO: 3106

ECONOMIC EXPERTS SUGGEST REMEDIES FOR CRISIS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Dec 80 p 13

[Article by Frank Dahlgaard]

[Text] We need wage restraint, devaluations and more
K [expansion unknown] loans for businesses, say the gov-
ernment's economic advisers.

Krone devaluations, income policy and selective interest subsidies for businesses are the economic policy cocktail that can bring the Danish economy back on its feet again.

The government's economic advisers pointed this out in a concluding chapter to their new report sent out yesterday to the approximately 25 members of the Economic Council.

The economic experts wrote directly that the automatic cost-of-living adjustment of wages in its present form is sabotaging the policy to improve competitiveness. At the same time they repeat earlier reports that the level of the guaranteed wage on the labor market (36.35 kroner an hour today) is helping to reduce demand for labor and is a factor in the high unemployment rate among the young workers.

The experts' advice to the government comes at a time when LO [Danish Federation of Trade Unions] leaders are meeting with the government today to discuss the contract situation and the economic prospects.

Three Alternatives

The economic experts outlined three alternatives extending to 1990.

1. If no further interventions are made we will stand in 1990 with an exchange deficit of 9 percent of the national product, almost twice as much as we have now. At the same time unemployment in 1990 would be 7 percent of the labor force, corresponding to 200,000 workers.

2. If one wishes to gradually remove the exchange deficit during the 1980's with the help of tax increases alone the price would be an unemployment rate in 1990 of 11 percent of the labor force, corresponding to 315,000 jobs. At the same time the tax burden would rise from 49 to 62 percent with a direct decline in the private consumption of individual families through the 1980's.

3. If one wishes to totally remove the exchange deficit by 1990 with the help of improved competitiveness wage and currency policy measures are needed at a level three times greater than the steps taken in December 1979. This would involve improving Danish competitiveness a good 20 percent and such a policy would lead to almost full employment by 1990--only 55,000 people out of work, roughly 2 percent of the labor force.

The last solution of the exchange problem would create around 250,000 more jobs than would be the case with a tax-increase solution. At the same time production in 1990 would be 13 percent higher than it will if the tax policy is chosen and there would also be more room for increased private consumption for the individual family.

The government's economic experts do not conceal the fact that they feel solution number 3 is the one the government should choose.

6578

CSO: 3106

BORNHOLM POPULATION, OFFICIALS RESENT DEFENSE CUTS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Dec 80 p 1 Part II

[Article by Jens Thomsen]

[Text] The most eastern part of Denmark, Bornholm, has been occupied in the past by the Swedes, the Germans and the Russians. The adults among the 47,783 inhabitants of the island can still remember the war years and the senseless Russian bombing in 1945 of Ronne and Nekso in which 10 people were killed and houses destroyed in the very days when the rest of the Denmark celebrated its liberation.

There is a deep hidden anger about that time in many residents of Bornholm. They felt forgotten by the rest of Denmark--just as they do today when the defense of Bornholm is being ignored once more for reasons of economy and in order not to expose the defenses of the rest of the country.

The former chief of Bornholm Naval District, Captain Kaj Nolso Bang, who could observe for himself from his livingroom window in Arsdale the strnage voyages of German and Polish pleasure boats into Skalder Cove, busily photographing and taking measurements, though not born on Bornholm is one of those who are angry about the government cuts in the island's preparedness.

"Official Denmark has forgotten us once more--for the second time in just 35 years. No one can tell me that a Danish government--true to history and tradition--would dare to do anything to reinforce Bornholm's defenses as long as a man like Bilgrav Nielsen is consulted."

No Guarantees

"Do we have any guarantee that the government would order mines to be laid in Bornholm waters at an appropriately early date? I have asked that question many times. Most recently I put the question to Home Guard Commissioner Knud Damgaard. But I got no answer.

"I understand the anger on Bornholm. Especially against the background of the events in 1945. Let me ask this question: Why hadn't Denmark worked to include Bornholm in the German capitulation at that time? Why wasn't a division of the

Danish brigade in Sweden sent to Bornholm--instead of waiting in Helsingborg for ferry connections and the permission of Prime Minister Per Albin Hansson and General Dewing. (The Danish brigade is the only invading army in the history of the world to use regular ferry service for transportation.) I was in the brigade myself and a mere battalion could have handled the situation so that the Russian bombing and subsequent landing could have been avoided."

Home Guard people and politicians on the island also wonder why the proposal to make regular soldiers available for duty after they have been sent home (as they are starting to do in Sweden, Ed.) has not been followed up. This would help out with the current shortage of military personnel.

Feel Exposed

The chief of Bornholm's Home Guard, Lieutenant Colonel Kjeld Jakobsen, lives in the old commandant headquarters in Ronne. He said:

"Twice as many people join the Home Guard on Bornholm as they do anywhere else in the country. Namely, 2.8 percent. I think there are historical reasons for this to some extent. We are behind the Iron Curtain, after all and feel very exposed. But the Home Guard has only limited duties, surveillance and guard duty, even though we would naturally expect to be used in the event of an enemy landing. But that is primarily a military task."

County governor Jens Brandt who went to Copenhagen with a delegation last week to protest the cuts in the island's defenses to Defense Minister Sogaard is just as dubious about the new situation.

Unpleasant Surprise

"We all believed we had a military force of around 1000 men on the island. And we were unpleasantly surprised when we found out that the defense force will be down around 500 men.

"We have now formed a politically mixed contact committee within the county council to take the matter up and consider the problem of the military shortage. It is characteristic that this committee has members from all parties and we agree that something should be done. We asked Lieutenant Colonel Kjeld Jakobsen to evaluate the situation. He was well aware of it but could not tell us about it before because the figures were secret to a certain extent. But even in the Home Guard, one of the strongest opinion-forming factors we have on the island, people were concerned.

"It might not be practical to provide us with outside help in a threatening war situation. It might be a matter of hours. On Jutland, Funen and Sjælland they can simply send troops from their camps to the threatened areas. It takes 8 hours to sail to Bornholm, not including loading and unloading materiel and manpower. That could easily be too late. It would be better if we had the troops here on the spot."

Colonel Heiberg-Jurgensen, Bornholm's military leader, said:

"I am also concerned about going under the previous norms. But the problem also has something to do with the shortage of enlisted privates. We have just obtained 12 Centurion tanks and of course we have a training problem. (The 12 tanks call for a crew of 48 men, Ed.)

"We hope to be able to make use of Bornholm men who have learned to drive the light reconnaissance tanks of the M-41 type and retrain them to operate the Centurions. We have the authority to call in personnel."

A Bornholm woman who wished to remain anonymous due to her position put it a little differently:

"It might have been better if we had joined Sweden when we had a chance. The ferry to Ystad costs only 44 kroner and you can go there and come back in a single day. The boat to Copenhagen costs almost twice that for deck space and it takes 24 hours to get there and back. We have lower wages than they do in the rest of Denmark and our electric rates are higher. And now they won't even defend us."

6578

C50: 3106

PRO-IRA TERRORIST GROUP CLAIMS RESPONSIBILITY FOR FIRE

Copenhagen **BERLINGSKE TIDENDE** in Danish 21 Nov 80 p 3

[Article by Hans Møller and Bent Røk Andersen]

[Text] A pro-IRA group has claimed responsibility for the terrorist fire costing a couple of million kroner at the factory owned by the British consul at Århus, N.C. Nielsen, the night before yesterday.

This was done by way of anonymous letters to the newspaper editors of the town. At the same time the British embassy in Copenhagen has issued a statement, deeply deploring the incident.

"The matter is the more deplorable in view of the report that an anonymous letter describes the attack as a demonstration brought about by the conditions in Northern Ireland," the statement says.

The statement goes on to say that the accusations in the letter of the conditions in Northern Ireland lack any form of basis. "The prisoners on hunger strike in the Maze Prison have not been sentenced for their convictions but, on the contrary, have been sentenced in open trials for extremely serious offences," the statement says.

It points out that the prisoners through their hunger strike try to obtain special rights compared to other prisoners. The British government cannot accept this. The statement finally says that the hunger strike has been widely condemned, among others by the Roman Catholic archbishop of Westminster, Cardinal Hume, and by Dr. Fitzgerald, who is the leader of the largest opposition party in the Irish Republic, Fine Gael.

Detective inspector Jørgen Iversen, Århus, who is in charge of the work to clear up both this fire and other terrorist fires in Århus during the last year, tells **BERLINGSKE TIDENDE**: "Some people who are not directly involved in the terrorist fires must know who is involved. I urgently request people to contact the police if they know of somebody. If the fires are allowed to continue, the organization will become a threat to the national security."

All applications will be treated as strictly confidential, the detective inspector added.

In his anonymous letter, the writer of the letter clearly expresses his sympathy with the IRA which is fighting the government in Northern Ireland. The letter accuses the British government of murdering the IRA members on hunger strike in the prison.

The reason why the fire hit N. C. Nielsen's Boligtekstil [furnishing fabrics company] is that the owner, N.C. Nielsen, is the British consul at Århus, and that the consulate is located in the factory premises, the sender of the letter writes.

The criminal investigation department is now of the opinion that several political groups must be behind the many fires in the town. This fire is reminiscent of an earlier fire at the IBM on 4 July where a group, which calls itself 'Enemies of the State,' was responsible for the fire.

On the wall of the factory the word 'murderer' had been painted, and technical investigations have shown that a spray can had not been used for painting the word on the wall, as is done by another group, the Socialist Liberation Army, after fires it has set.

7262

CSO: 3106

BRIEFS

GOVERNMENT INITIATIVES BY MAY—"We must all start preparing ourselves that there will be some new measures in May of next year, at the latest," it says in an editorial in the Social Democratic periodical NY POLITIK. The editorial is signed by Altmann, which is supposed to be the pseudonym of the prime minister or a person close to the prime minister. The new measures are mentioned in a context where it is also said that we have "slowly" started feeling the effects of the policy pursued. And the editorial goes on to say: "But this having been said, it should immediately be added that more adjustments of the crisis programs are imperative, and we should all start preparing ourselves for new measures in May of next year, at the latest. The editorial notes that the lowering of the discount rate was perhaps a positive sign of the development but, nevertheless, unmistakable. "The balance of payments is somewhat more favorable lately, and the krone is actually in a very strong position. There is no reason for extreme optimism, but there is no reason either for the feeling of disaster which the opposition parties like to provoke," the editorial says. The editorial dissociates itself from the Liberal Party's "desperate attempts to gain the position of leader of the right wing." Nevertheless, the editorial concludes that the Social Democratic Party welcomes cooperation both with the Liberal Party and the Conservative Party. "But the cooperation must, of course, be based on good will and a feeling of responsibility on the part of both sides, and, for the time being, we apparently cannot get beyond the temporary cooperation with the three small non-Socialist parties," Altmann concludes. [Text] [Copenhagen INFORMATION in Danish 11 Nov 80 p 10] 7262

NEW FAEROESE GOVERNMENT--The biggest party in the Faeroe Islands, the Union Party, has now entered into final negotiations on the formation of a non-socialist national regime after the Lagting election on 8 November. This was preceded by a number of formal talks with all parties in the islands. As expected the leader of the Union Party, Folketing member Pauli Ellefsen, is now hoping for a coalition with the conservative People's Party whose chairman has just become Lagting chairman, and the moderate Home Rule Party. The three parties hold 17 of the 32 seats in the Lagting. In the area of economic policy the three parties have quite similar viewpoints. The Union Party became the biggest Faeroese party in the preceding Lagting election but due to the uneven effects of the Faeroese election law the party received the same number of seats as the Social Democrats. Therefore that party retained ruling power in a coalition with the People's Party and the extremist liberation party, the Republican Party. When the Social Democrats placed increasing emphasis on the idea of expanding public influence the People's Party broke out of the coalition, making an election necessary. In the election the Social Democrats lost a seat and the non-socialist parties won a total of 60 percent of the votes. The Social Democrats then refused to take part in forming a new regime. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Nov 80 p 2] 6578

KINKEL TO BE NEW COORDINATOR OF INTELLIGENCE SERVICES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Nov 80 p 3

[Article by Friedrich Karl Fromme: "Intelligence Service Job Change. A Belated Result of 5 October Developments?" (Kinkel Becomes a Full-Time Coordinator)]

[Text] Frankfurt, 23 Nov--The appointment of Kinkel (43), hitherto the chief of the Federal Intelligence Service (BND), who has held this position for the past 1 1/2 years, to the position of coordinator of the (secret) intelligence services of the FRG with headquarters in the office of the Federal chancellor, is considered to be a certainty. In the opinion of experts, this rather soberly announced appointment amounts to a belated and conspicuously executed change in the staffing relationships between the SPD [Social Democratic Party of Germany] and the FDP [Free Democratic Party]. The coalition had previously reigned with an extremely narrow majority. The fact that it is from now on equipped with a comfortable majority is due solely to the increase in FDP votes whereas the SPD, which had expected for itself an electorate's reward for Schmidt's chancellorship and which had aimed its entire election struggle toward this objective, practically stagnated and experienced failure.

The three intelligence services of the FRG are subject to the supervision of various Federal government offices. The BDN belongs to the official domain of the Federal Chancellery. The Federal Office for the Protection of the Constitution (BfV) is a subordinate body of the Federal Ministry of the Interior, and the Military Intelligence Service (MAD) is part of the Federal Ministry of Defense. Thus, as far as the FRG is concerned, the BfV falls within the sphere of influence of the Federal Ministry of the Interior under Minister Baum (FDP), MAD falls within the province of the Defense Department of Minister Apel (SPD), and although Kinkel, the departing BND chief, is not a member of the FDP, he is in fact a close confidant of FDP chairman Genscher. He was the chief of the latter's ministerial offices both at the Ministry of the Interior and, subsequently, at the Ministry of Foreign Affairs. It is no secret at all that it was Genscher who had pushed through Kinkel's appointment as chief of the BND. It had been Kinkel's desire to occupy an independent position. He was successful in steering the BND, which had been plagued by many internal difficulties, into a calmer direction, with more emphasis on work.

The position of an intelligence services coordinator was initiated in 1975 on the basis of an expert opinion given by an independent experts' commission headed by

political scientist Eschenburg of Tuebingen, which had been set up for the purpose of determining possible weak points in the collaboration of the intelligence services, which had appeared to become evident in the wake of the espionage affair involving Guillaume, the GDR agent in Federal Chancellor Brandt's antechamber who became the cause for the latter's resignation.

State Secretary Schueler of the Federal Chancellery was appointed as coordinator. It was obvious that only limited attention could be devoted to this task by a man like Schueler, who was so fully occupied with his primary official function. A sort of subordinate deputy was requested. This man was Ministerial Director Schlichter. But it was only to a limited extent possible for the latter to prevail against the departments in the "in-house" affairs of which he had to intrude in connection with his assignment. Thus the coordination of the intelligence services in which connection, at any rate, the experts were only with difficulty able to provide information as to what such coordination should be in actual practice, to a far-reaching extent remained a merely theoretical matter. Thus the "intervention" of the chancellery--the state secretary of which is at any rate subordinate to the BND--in the Ministry of Defense, which is on friendly terms with the party and, particularly, in the Ministry of the Interior headed by the FDP, the coalition partner, was carried out on a limited scale. The legally based parliamentary control of the intelligence services further restricted the "coordination" emanating from the chancellery.

A Trustee of the FDP

A number of changes will come about as a result of Kinkel's appointment. For one thing, Kinkel is a trustee of the FDP, to put it bluntly. He would continue to keep the BND under his custody, he would additionally gain the BfV, and he would be able also to include in his field of observation and supervision the MAD, which, of course, in the very nature of things has had to cooperate closely with the BND, which has the task of gathering foreign intelligence. Above all, Kinkel would be a full-time coordinator and he would be a high-ranking and expert one. Kinkel would be able to devote himself fully to what could only be handled as a secondary duty by Schueler, who will leave the chancellery and will be replaced there by the financial affairs expert Lahnstein, who is hardly familiar with secret service matters.

In summarizing the aspects of this staffing decision of the coalition, which was presented inconspicuously and belatedly, one finds that the FDP is gaining additional influence. The BND remains in Kinkel's field of vision. The BfV, headed by Baum, also remains within the family, and the FDP gains insight into the MAD. This will be supplemented by subsequent decisions connected with personnel policy.

It is considered certain that Meier, the chief of the BfV, who occupied this office since 1975, will become Kinkel's successor as BND chief. Meier came from the BND and has on occasion shown an inclination to return to it. He is a nonparty expert and can certainly not be considered an SPD man. With respect to Meier's successor in Cologne, one can hear FDP politicians say that this must be Minister of the Interior Baum's decision--which means that there prevails in the FDP a tendency not to accept lightly any possible SPD compensation claims in this connection. There are also suggestions that Meier's position should be filled by

someone from "Baum's establishment," in which connection some interesting political conclusions could possibly be drawn.

And, finally, this personnel policy position change also has a T/O aspect. As BND chief, Kinkel has been paid on the basis of the B-10 scale, one step below the highest pay category, i.e., that of the state secretaries. It will not be possible in the Federal Chancellery to downgrade him. This means that (at the least) this would amount to a request for a sort of under-secretary of state for the intelligence services, the legal budgetary prerequisites for which would still have to be created (perhaps by shifts within the sphere of competence of the chancellery). If there is a high-ranking coordinator such as Kinkel, the standing of subordinate coordinator Schlichter would be reduced. In this respect, too, there would be available some possibilities for shifting T/O positions.

8272

CSO: 3103

POEHL, BANKERS COMMENT ON MONETARY POLICY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Nov 80 p 13

[Article by Erl.: "Poehl: Price Stability Retains Priority"]

[Text] Frankfurt, 27 Nov—As far as the German Bundesbank is concerned, preserving price stability is still a matter of priority. Only the continuation of a consistent stabilization policy can create the prerequisites for a return to lower interest levels, something which the Bundesbank desires just as much as others do, but it cannot be done by relaxing the monetary policy. A statement to that effect was made by Bundesbank President Karl Otto Poehl, when announcing the target for the 1981 money supply.

The Central Bank Council decided to permit a 4- to 7-percent increase in the "central bank money supply" between the fourth quarter of 1980 and the fourth quarter of 1981. This goal was derived from an expected rise of 2.5 percent in the production potential and a so-called "unavoidable" rate of price increases, ranging between 3.5 and 4 percent. The target for the year which has just been concluded was somewhere between 5 and 8 percent; the actual figure was close to the bottom line. Nevertheless, the fact that the growth rates when compared to last year are lower by one percentage point does not mean, according to Poehl, that a course of sharper restrictions is in the offing.

The Bundesbank will take into consideration current economic and price developments, the balance of payments and the exchange rate for the German mark to ascertain whether the central bank money supply should increase according to the lower or upper half of the targeted range. Poehl stated explicitly that the Bundesbank had decided to establish and announce these basic data of its policy as early as it did to make them available for consideration during fiscal policy discussions and particularly for the upcoming collective bargaining negotiations. Nevertheless, the Bundesbank will not only devote its attention to the development of the money supply but also to other "secondary goals," and Poehl made it a point not to call them incidental goals. He was referring to economic and foreign policy developments.

In Poehl's opinion, the risks in the economic development had become even greater; signs of weakness had certainly increased. Nevertheless, Poehl is hoping that a sufficiently vigorous trend in investments will forestall a recessive development.

If everybody, particularly public treasuries--not only in the Federal Government but also in Laender and communities--as well as collective bargaining parties, would act sensibly and mindful of stabilization, there may be a chance that 1981 might see the economic boom which has been predicted.

Concerning the exchange rate of the German mark, Poehl explained that the Bundesbank was not conducting a policy of support of the German mark exchange rate or that it had done so in the past. Rather, American agencies had built up their German mark reserves to have available sufficient funds for the repayment of German mark obligations--keyword "Carter" bonds. To be sure, the German mark had at times come under pressure within the European Monetary System and, consequently, interventions had been necessary; however, that is "normal and not dramatic." Sooner or later the high interest rates abroad, which Poehl is not criticizing, would show their effect even in the United States. At any rate, the German mark is not weak, considering the fact that the fundamental data are in its favor.

There has been a general realization that the large deficit in the balance of payments is limiting the possibilities of Bundesbank policies, Poehl continued; it is also restricting fiscal policies. Finally, regarding pension transactions that will soon be concluded, Poehl announced that the Bundesbank board of directors will make the liquidity available for maintaining an orderly money market.

Association of German Banks: Sign of Political Stability

The Federal Association of German Banks assessed the new target for the money supply as a sign of political stability. It is now up to collective bargaining parties and the public sector to provide for a noticeable relief in monetary policy. After all, a return to a rise in production next year and urgently needed productive investments are only possible if costs and price increases can be moderated and the capital market can avoid being drained by public credit demands.

The Association of German Savings and Deposit Banks is of the opinion that the new money supply target of the Bundesbank will create the prerequisite for greater stability in 1981. The range of the monetary goal, which has been lowered by 1 percentage point, is a clear sign of a further containment of price rise expectations.

The Federation of German Industries expressed the following opinion on the money supply goal for 1981: "By establishing a target of between 4 and 7 percent for the 1981 money supply, the Central Bank Council is affirming its position that stability of the value of the currency will continue to receive priority. The fact that the size of the targeted increase has been reduced, when compared to 1980, is seen as a clear challenge to respect the narrowed latitude for distribution during the upcoming decisions on wages and financial policies.

In the opinion of the Federation of Chambers of German Industry and Commerce, the Bundesbank money supply target for 1981 is an unmistakable sign of the continuation of a consistent policy of stability. The reduced target for growth in the money supply compared to last year is logical. It is now up to collective bargaining parties and financial policies to fully support the Bundesbank course of stability.

JOB ABSENTEEISM SHARPLY REDUCES AVERAGE WORKWEEK

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Dec 80 p 13

[Article by Kg.: "Highest Absenteeism Occurs on Fridays"]

[Text] Bonn, 1 Dec--On the average, wage earners in German industry work only 31.6 hours per week. As a consequence, the effective working time is definitely below the hours agreed upon in collective bargaining contracts. It can be explained by the fact that absenteeism accounts for an annual average loss of 8.4 percent in the contractually agreed upon working time. This means that the effective working time comes to only 1,641 hours per year and--according to calculations--31.6 hours per week. It is the result of a representative survey undertaken by the Institute of the German Economy. Among the participants are industrial enterprises and service industries of various sizes and various lines of business; altogether they employ 3.6 million workers.

It was determined that the highest rate of absenteeism occurs on Friday. Next in line is Monday. Workers are least likely to be absent on Wednesday. Absenteeism is particularly high during February and March. It declines toward summer, the apparent reason seems being that it is vacation time. Absenteeism rises again during October and November and declines again in December, particularly among female workers. The Institute of the German Economy points out that sickness is the main cause given for absenteeism. At least 80 percent of the time it is the stated reason. Next in sequence are cures and accidents as well as, at the very end, excused and unexcused absences.

According to the findings by the institute, the extent of absenteeism varies between laborers and white-collar workers. It also differs according to sex, size of the company and type of industry. It is the highest in the iron and steel industry--11.8 percent--and in the construction industry--10.5 percent. It is lowest in petroleum, plastics and rubber processing, in steel, machine and vehicle manufacturing, as well as in the food and luxury industry, each recording approximately 7 percent. Everywhere, absenteeism among female workers is higher than among male workers. Blue-collar workers tend to be absent more frequently than white-collar workers. In this connection, the institute is referring to the greater danger of accidents. The inner bond with work and the company increases with the amount of occupational training and qualifications, prestige and position in the company hierarchy. Absenteeism among qualified workers is reduced accordingly.

There is also a connection between the size of the company and absenteeism. At any rate, absenteeism rises with the size of the company, and this is the case independent of the occupational group, occupational traits and sex. Differences in the rate of absenteeism are particularly significant among male white-collar workers. According to the institute, the rate is exactly twice as high in large companies as it is in small companies.

8991

CSO: 3103

COST, MANNING OF NEW NAVAL FRIGATES DESCRIBED

Bonn WEHRTECHNIK in German Nov 80 pp 35-36

[Text] In the middle of August, the Federal Defense Ministry's information and press service had invited journalists from Bonn and from Northern Germany to the Bremen "Vulcan" in order to report there in word and in hardware about the frigate building program. Cost was of course the focal point of interest. But there were also detailed reports about technology, use and manning problems in connection with the frigates.

First: Costs

System costs of a frigate have increased from DM 315 million in 1974 to DM 412 million at the end of 1979. If one adds a cost increase of a total of DM 114 million for distribution to the 5 shipyards, then the system costs of a frigate today is DM 431 million. This amounts to an annual price increase from 1974 to 1979 of 3.5 percent or 6.5 percent, respectively, which is still below the average rate of cost increases for defense. Included in this rate are, among other things, a surplus value tax, but also certain price reductions for materials from the United States. Several millions could be saved through competitive bidding in the selection of components, especially in connection with turbines, engines and propellers. This also applies to weapons, weapons guidance systems and ammunition to be purchased jointly with the Netherlands. For example, several million marks were saved merely through a joint "Harpoon" purchase. If one includes the board helicopters, twice DM 23 million must be added for each ship, resulting in a systems price of DM 477 million. Great Britain's high price increases last year have made a considerable impact here--the price of helicopters rose by 12.1 percent (compared with a medium price increase for armament in Germany of 6.1 percent in 1979). But it also became a little cheaper: The F-122 weapons system's development costs, which had been estimated to be DM 94 million in 1975 (without additional projects such as RAM, Sonar or ELoKa equipment) are today estimated to cost only DM 74 million, by going back to proven equipment and to the base development of the Dutch frigate.

A 9-Month Delay

The completion of the first frigate to be built totally by the general contractor will be delayed by about 9 months until the end of March, 1981--for a number of

reasons: the additional cost caused by the distribution of the 6 frigates to 5 shipyards, e.g. 3 tons of documents had to be given to each licensed dry dock, all 4 yards are to be informed of all amendments, strikes in the steel industry, delayed delivery of foreign components, etc. The general contractors, BWB and the navy are still negotiating about the cost of the delay and who shall pay. It was said in Bremen that the delay is not bad by international comparison, and that it must be taken into consideration that other navies, e.g. the Dutch navy, will use their ships much earlier and do their own testing and even equipping. In Germany the general contractor is responsible for this. The additional 5 ships are to follow after a delay of only 6 months for each, which means that all frigates 122 should be in use in the fall of 1984.

Plans for Manning the Frigate

The crew of the frigate consists of 203 men (27 officers, 118 NCO's and 58 sailors). The navy hopes to be able to get by with 200 soldiers later. The board helicopter constituent has 6 officers and 12 NCO's. Since the 6 frigates 122 replace 4 class 119 destroyers (243 men each) plus 3 frigates 120 (212 men each), the navy "saves" 492 soldiers, if the new board helicopter constituent (108 men) is not taken into consideration. But the demand on qualification of personnel has been increased: For the 6 frigates 122, an additional 15 staff officers and 68 chief petty officers are required. But 4 fewer ensigns and lieutenants and 57 fewer petty officers are required. A total of 514 fewer sailors are needed.

The number of electronics experts on board has also increased considerably--approximately 50 per ship, i.e. more than one-third of the ship's crew with extended service! The navy hopes to get a sufficient number of electronics personnel by retraining, by "directed career counseling" with the goal of extended service obligation, and by separation of operation and repair services. The latter is part of the new organization on board. Once there were the three main divisions of weapons, technology and operation (and the personnel in each was responsible for operation, maintenance and repair). Now, the frigates 122 have one main division of ship deployment (weapons and control together, operation only), technology (conventional, personnel responsible for both operation and maintenance) and guidance and weapons technology (only maintenance and repair). Board helicopters are separate from this.

The Christening

On 27 September, 1979 in Bremen, the first frigate was christened the "Bremen," on 9 June 1980, the second frigate was christened "Niedersachsen" at the Weser corporation, and on 3 September 1980, at Blohm & Voss, the third was named "Rheinland-Pfalz." Since the Laender of Nordrhein-Westfalen, Saarland and Baden-Wuerttemberg have already given their names to the three destroyers of the "Luetjens" class, and since even city mayors have already approached the chancellor regarding the retention of names, the fourth frigate will be christened the "Emden" on 17 December 1980 at the Thyssen-Nordseewerke in Emden. The two remaining frigates will be named "Koeln" and "Karlsruhe"--which means that the names of the class 120 frigates to be replaced will be retained. This also means that for several months there will be four warships, two each bearing identical names.

EUROMISSILES MAY CAUSE PROBLEMS FOR NEUTRALITY

ID220943 Copenhagen AKTUEL in Danish 15 Dec 80 p 8

[Report by Hugo Gaarden: "Neutrality Put To Test"]

[Text] Helsinki--Finland's neutrality and its relations with the Soviet Union have been put to the test in the last year. According to the friendship treaty with the Soviet Union, Finland is supposed to be able to prevent a foreign power pushing through Finnish territory to the Soviet Union. This could, however, prove difficult if low-flying cruise missiles of the type that NATO decided to introduce in 1979 are used.

The contingency stockpiling of U.S. arms in Norway has been vehemently criticized by the Soviet press, which talks of a disturbance in the balance of power to NATO's advantage.

Both these circumstances have led to a situation in which there is speculation about the extent to which Finland can preserve its neutrality and its previous relationship with Moscow. Under the 1979 friendship, aid and cooperation treaty, the Soviet Union can make demands on Finland to increase its defense capability.

The Finnish defense forces admit the problem with cruise missile, but say that in principle it is possible to detect them and render them harmless. But radar installations will have to be modernized. Radar surveillance itself is an element to which the Swedish defense staff attaches particular importance. The Swedes have the same shortcut problem as the Finns with regard to missiles, which in principle could fly under radar surveillance.

Finland could find itself forced to acquire advanced Soviet radar equipment, which would require the help of Soviet consultants. The Swedish defense staff is following this prospect very closely.

Finland is maintaining its defense capability. "We do not consider the cruise missiles a military weapon, but rather a political one," Finnish Defense Ministry section chief Gen Aimo Pajunen said. "The missiles fly slowly and cannot be used in a first nuclear strike--after which there is nothing left.

"The cruise missiles make no contribution to security, but cause problems for neutral countries," the general said. "Finland has warned Norway especially against

possible continued expansion of NATO cooperation." This warning has taken a moderate form, in which President Urho Kekkonen called on the Scandinavian nations to take account of their neighbors when shaping security policy.

Some security policy experts think that Finland actually accepts and is satisfied with the agreed arms stockpiling in Norway, but that it fears its expansion since this could have an effect on the relationship between the Soviet Union and Finland.

Finland considers the North Calotte a sensitive area and does not want foreign soldiers in the Norwegian section of Finnmark. Finland is expanding its defense in Lappland, where a battalion is being strengthened up to a brigade--in the military "vacuum."

Finnish critics of the Lappland reinforcements say that they have greater political and symbolic than military importance. "Finland cannot defend itself and preserve its neutrality by military means. The only way of doing this is through foreign policy," People's Democrat Ilkka-Christian Bjorkerlund said. Nor does Bjorkerlund see a strong Swedish defense force as any security guarantee.

However, this conflicts with the official Finnish position. Chairman of the defense committee (which fixes the main outline of Finnish defense policy) and chief editor Jan Magnus Jansson said:

"Finnish defenses must be so strong that Finnish territory could not be used by other powers. A strong Sweden, able to protect its neutrality, is also important for us, but we cannot comment on minor changes in the scale of Swedish defenses. It is important that Denmark and Norway maintain their present defense policy bases," Jansson said.

But both the Finnish Foreign Ministry and the defense high command at the same time stress that foreign policy is the most important means of defending Finland's status. This was established by former Prime Minister J. K. Paasikivi and has been carried on by Kekkonen.

CSO: 3106

ENERGY TO CONTINUE DOMINANT IN FINNISH-USSR TRADE

LD191553 Helsinki HUFVUDSTADSBLADET in Swedish 10 Dec 80 p 17

[Unattributed report: "Trade With Soviet Union To Increase to 24.4 Billion Markkaa Next Year"]

[Text] In Moscow on Tuesday [9 December] Finland and the Soviet Union ratified the contents of next year's trade protocol. According to the protocol the value of next year's trade will rise to over R4.2 billion--around 24.4 billion markkaa. This year the value of trade is expected to amount to R3.8 billion rubles, around 22 billion markkaa.

The trade agreement will in practice take effect from the beginning of next year. The agreement will be signed in Moscow in January in connection with the mixed Finnish-Soviet economic commissions' meeting.

The trade agreement, which is the first in the framework agreement period 1981-1985, shows a slight profit for Finland. Trade experts consider that the large deficit which arose last year as a result of the steep energy price rises could be a more memory next year.

The energy price rises have greatly increased the value of the trade between Finland and the Soviet Union. The total value of trade in the 5-year period now coming to an end will be more than R12 billion, instead of the R9 billion estimated at the beginning of the period.

During the 5-year period now beginning all advance estimates should be exceeded. In the long-term agreement a total of R12 billion was estimated, while the framework agreement mentions R14 billion. According to the most recent estimate the value of the framework agreement for 1981-1985 could even be 20 billion markkaa [as published].

Since the agreement covers reciprocal trade there have been attempts to correct the imbalance brought about by oil price rises through supplementary agreements. If no large price increases occur in the immediate future reciprocal trade should be in balance by the end of the year.

For Finland the trade has meant the chance to pay for even bigger energy imports from the Soviet Union by exports in the future. The new trade protocol shows this clearly in noticeable increases in the most important quotas.

Next year Finland will export goods worth at least 11.3 billion markkaa to the Soviet Union, while imports will be worth at least 11.9 billion markkaa.

When the estimated net effect of the export of services, chiefly the export of projects to the Soviet Union, are added to this we can expect a total trade exchange worth 24.4 billion markkaa according to the Foreign Ministry.

The protocol's total contents were not revealed on Tuesday, merely the total value of a few types of goods. Finland's imports from the Soviet Union next year will continue on the same basis as those for this year, which means that energy imports will continue to be dominant. According to the Foreign Ministry, energy imports will be similar to those of this year.

This year's trade protocol contained a crude oil import quota of 7 million tons, a diesel oil import quota of 1.5-2 million tons and a quota for heavy fuel oil of 1.5 million tons. The quota for natural gas was 1,050 million cubic meters. Finland also imports coal, coke, electricity and nuclear fuel from the Soviet Union.

In the new framework agreement the crude oil quota is 7-7.5 million tons per year to begin with, but rises from 1984 to 7.5-8 million tons per years. This means that crude oil imports will show a marked increase as early as next year.

For natural gas a quota of 1.4 billion cubic meters has been agreed on, but the possibility has also been accepted that the quota may be overstepped in 1983-1985.

The import of plant and machinery from the Soviet Union will continue to the same extent as in the past.

The metal industry's exports next year will rise to a pretty high level. The value of the metal industry's exports next year will exceed 5 billion markkaa, which represents 46 percent of Finland's total exports to the Soviet Union.

Finland will export plant and machinery worth around 2.5 billion markkaa, while the value of the shipbuilding industry's exports will be 2.1 billion markkaa.

The forestry industry accounts for around one quarter of Finland's exports to the Soviet Union. The export of consumer goods will be somewhat greater than normal next year. Shoes, ready-made garments and knitted garments are the largest groups within consumer goods exports, which next year will amount to around 1.2 billion markkaa.

COUNTRY MAY AGAIN BE INDUSTRIAL WORLD'S GROWTH LEADER IN 1980

Wage Pact's Inflationary Pressure

Stockholm SVENSKA DAGBLADET in Swedish 29 Oct 80 p 28

[Article by Lars-Georg Bergkvist]

[Text] Next year, Finland has a good chance of showing the strongest economic growth in the entire industrialized world for the third year in a row. Only 3 years ago, the country was still in a deep economic crisis that had many similarities with the present situation in Sweden. How did the Finns manage to turn things around? Can we learn something from them? SVENSKA DAGBLADET will examine this in a series of articles.

An inflation rate approaching 20 percent, a foreign trade deficit exceeding a third of all exports, rising foreign debts—a country out of economic balance.

No, this does not refer to Sweden in 1980. This is a picture of crisis-ridden Finland in 1975.

Today the situation is completely different. This year, for the second year in a row, Finland will be the "world champion" in economic growth. The gross national product, which increased last year by 7.5 percent will rise by an additional 6 percent. Industry is operating at full capacity.

Behind this Finnish economic metamorphosis lies several years of heavy-handed stabilization and stimulation policies.

Actually, the political conditions were not especially favorable in 1975. Despite the serious situation, the coalition government hesitated to resort to measures that were unpopular among the voters.

But in its national bank, the Bank of Finland, Finland has a very independent institution. Its head at that time, Mauno Koivisto—today the country's most popular politician, next to President Kekkonen—did not hesitate.

Belt Tightening Policy

The monetary policy was tightened. Credit quotas were introduced and a call loan market established. Finnish banks have already had greater loans than deposits. During

crisis years, the gap had only increased and continually added to inflation. The import of capital was placed under strict control.

The inflationary pressure slackened and this laid the groundwork for a series of so-called comprehensive income policy agreements: package agreements between the state, employers, trade unions, and land and forest owners.

Unlike in Sweden, the Finnish Government does not hesitate to intervene in negotiations between sides in the labor market.

Tax Relief

In this way, during the years 1976-1978, nominal wages increases were greatly limited to around 6-7 percent per year. First a price freeze, then strict price monitoring held inflation under 8 percent per year.

The state's contribution was gradual tax relief for both companies and wage earners. Unlike Sweden today, the budget deficit was not a dominant part of the economic imbalance.

The gross tax level--the tax portion of the GNP--has decreased from 40 to 34.5 percent since 1976.

In addition, Finland built up a wall to the outside in the form of import duties. At the urging of the IMF (International Monetary Fund) and other international organizations, however, these measures were softened relatively soon. The successful "buy Finnish campaign" of the early seventies was revived.

Three Years' Wait

It took 3 tough years before the measures produced their full effect. Unemployment rose. When it was at its highest, over 8 percent, the trade unions agreed to postpone already agreed upon wage increases from the spring to the fall of 1978.

At that time, however, exports began to take off. The package agreement had improved the relative competitiveness by around 20 percent.

In 1979 Finland became the only Western country, beside West Germany and Japan, to show a surplus in its trade balance--2.5 billion marks.

The doubling of oil prices during the past year and a half have not significantly disturbed the Finnish boom. For it is not just the economic policy that has been behind it but also, to a great extent, several "typically Finnish" economic characteristics.

Protective Umbrella

Growing Soviet trade, which gives Finland automatic compensation in the form of increased industrial orders to counterbalance the rising oil bill.

As the world's northernmost industrial country, Finland is also one of the most energy consuming ones. Consumption per capita is even greater than in Sweden.

Hydroelectric power is fully developed. There are no other large, domestic sources of energy--in the short time, at least. Despite the absence of an energy debate in the Swedish style, development of nuclear power has been cautious.

Sixty percent of the energy needs are covered by oil, which accounts for 25 percent of all imports. Almost two-thirds of it comes from the Soviet Union.

Business deals with the Soviet Union occur by way of exchange within the framework of 5-year agreements. Each year, implementation negotiations are held. A new 5-year period begins next year. During this period, the exchange of goods is presently estimated at 120 billion marks.

Oil on Credit

The Soviet Union has kept pace with the international oil price rises. In the latest round, this meant for Finland an increase of 3 billion marks.

However, Finland does not have to pay with hard currency. Instead, Finland must deliver goods, primarily machines and ships, worth 1.8 billion "extra" this year. The rest is to be covered within a year and a half.

The boom is in typical Finnish export areas. Especially the forestry industry--which is responsible for 40 percent of gross exports and, due to the insignificant imports involved, for two-thirds of the net export earnings--has enjoyed good times with increased orders and substantial price rises.

Thus, the worsening in terms of trade has been as low as 0.7 and 1.5 percent of the GNP during 1979-1980, despite the oil price rises.

Continued Growth

And the future? Can Finland keep up the rapid growth?

"The first half of next year looks quite good, but then it will get rougher," director Aarne Castren of Finland's Industrial Association says.

"Finland is always late in following the economic trends. International fluctuations reach us after a 6 to 12 month lag. The forestry industry is already on the decline and in the mid-1981 our other heavy export sector will be hit: the machinery construction and metal goods business. The Soviet trade, however, will certainly compensate for much of the decline on the Western markets."

However, all indications are that when the balance sheet is made up for 1981, Finland will have "gone against the OECD (Organization for Economic Cooperation and Development) stream" yet another year.

The gross national product will increase by around 4 percent, according to estimates by both the government and bank economists. That should give the country another top spot in the GNP competition. Growth up to the year 1984 will average 3 percent per year, the government claims in its long-range budget.

'Full Employment'

Unemployment will continue to drop from 4 percent this year to 3.5 percent. That is practically full employment in Finland, which still suffers from great regional imbalances. Four-fifths of the country receives support. A labor shortage has arisen in the larger cities.

The increase in exports will slow down from this year's 9 percent increase in volume to around 2 percent. The increase in the value of exports will be 20 and 10 percent respectively for the 2 years.

The increase in imports, the volume of which is expected to be as great as 14 percent this year, will decrease only toward the end of 1981, when industrial investments subside.

Thus, the trade balance will have a deficit of 6.5 billion next year, as well as this year.

Of greatest significance for the economic future, however, will be the outcome of this winter's wage negotiations, for inflation is still the great economic hobgoblin in Finland. The inflation rate on a yearly basis has again reached 13 percent.

Criticism of Koivisto

The government has attempted to dampen inflation by, among other things, postponing all investments and freezing some of the forestry industry's profits. The other day, an extra fee for nonprioritized construction was introduced.

"Too little, too late," trade union economists say, however. And, ironically enough, the criticism is directed toward Mauno Koivisto, who resigned as head of the Bank of Finland to lead the center-left coalition.

Last year the attempt to reach a comprehensive income policy settlement failed for the first time since 1973, despite the fact that the government prepared for it by way of two revaluations, totaling 3.5 percent.

The trade unions concluded separate agreements. Seamen, for example, received an 18 percent wage hike following a strike.

Two-Year Pact

So far no formal decisions have been reached, but individual trade union chairman, as well as Prime Minister Koivisto, have advocated a 2-year agreement.

The trade union strategy is as follows:

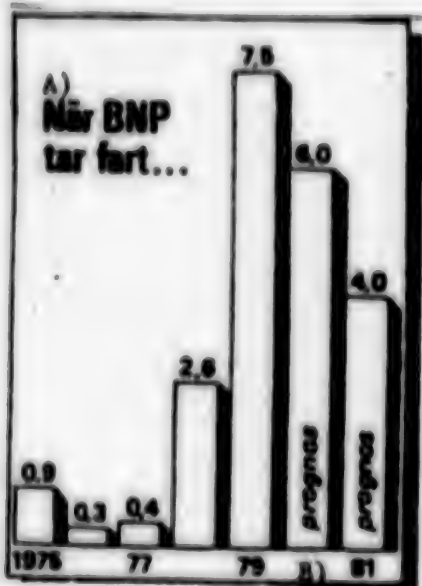
This year's inflation adjustment of the tax rates by 11 percent is a good basis for negotiations. If, in addition, the government decreases national insurance fees by 2 percent, it would mean an increase in real wages.

In that case, the trade unions could agree to a relatively low wage hike for the first year. During the second year, the state would use its resources to combat

increasing unemployment, while employers would pay higher wages. In this way, trade unions would also avoid negotiating during the economic downswing of 1982.

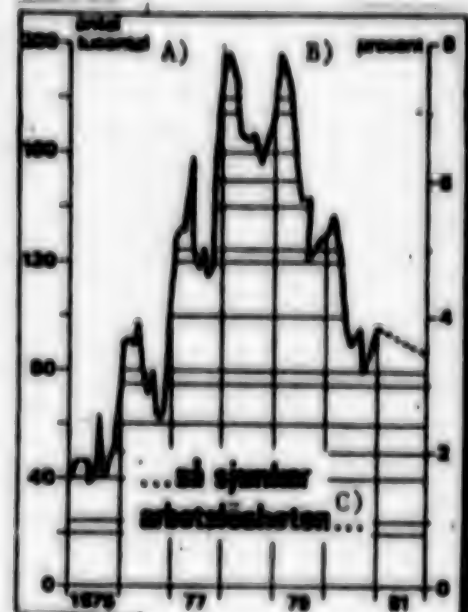
The diagram shows how trends in Finland's gross national product the past 5 years have affected unemployment and inflation

Graph 1



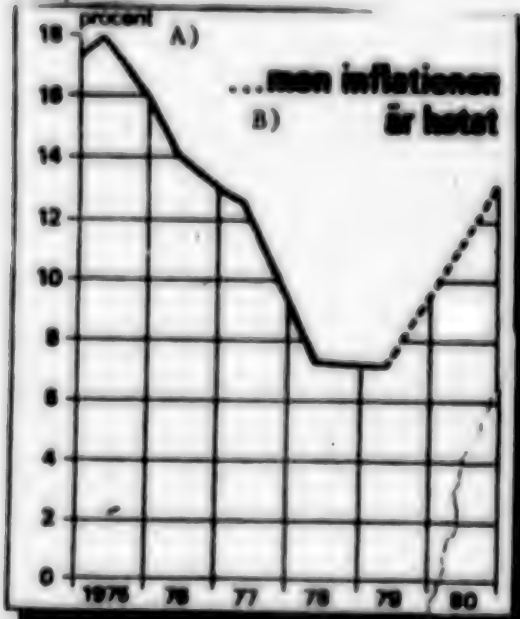
- A) When the GNP rises...
- B) Prognosis

Graph 2



- A) Thousands
- B) Percent
- C) ...unemployment drops...

Graph 3



- A) Percent
- B) ...but inflation threatens

Finance Minister Warns

Stockholm SVENSKA DAGBLADET in Swedish 29 Oct 80 p 28

[Article by Lars-Georg Bergkvist]

[Text] "The international recession will be felt in our economy, as well. The year 1982 will be one that entails great difficulties." This was stated by Finland's finance minister Ahti Pekkala (Center Party) in an interview with SVENSKA DAGBLADET.

Inflationary pressure is the main problem with the economy.

"One difficulty is that expectations for the upcoming wage negotiations are greatly exaggerated. Oil costs will take a large portion of the increase in our GNP. There is no reason for large wage increases," he says.

"According to law, wage negotiations are something to be handled by the parties involved in the labor market, but the government is willing to contribute to stabilization."

Ahti Pekkala states, however, that a comprehensive income policy settlement this year should include only prices and wages.

"The government has already adjusted the tax rate to inflation. The budget has been balanced so that it will not increase demand. We have promised to keep the gross tax level unchanged this year and next year and we have an agreement with the communes that they will hold taxes, by and large, at the present level."

"Beyond that, I see little possibility for the state to contribute and it will be difficult to avoid tax increases in 1982 due to the expected economic slump. However, the state will be very restrictive when it comes to expenditures, at least through 1983," Ahti Pekkala says.

Deficit Compensated

The finance minister sees the trade-balance deficit--totaling 13 billion this year and next year--as a minor problem. The deficit fluctuates concurrently with the overall economic conditions.

"Half of the deficit is caused by energy price increases. We are compensated for that by way of increased deliveries to the Soviet Union. The other half consists of investment goods and decreases automatically when the investment rate declines," Ahti Pekkala says.

But does Finland's industry have the capacity to handle ever-increasing deliveries to the Soviet Union? After all, oil prices are expected to rise steadily during the coming years.

Ahti Pekkala says:

"This question has arisen here in Finland, as well, but of course the alternative would be to purchase oil from the Arab countries. We would have to pay for those

imports through sales in stiff international competition. In the Soviet Union, on the other hand, we have a secure market.

Peat Developed

"Trade with the East has an additional facet that is advantageous to us. We sell industrial products and this levels out the economic fluctuations in the West. We would like to buy even more oil from the Soviet Union if we could.

Finland currently has four nuclear reactors--two delivered by Asea-Atom and two from the Soviet Union.

"We have 3 more years before we must make a decision on a new, large power plant--either coal or nuclear powered," Ahti Pekkala says.

"In the meantime, we are working to develop our own energy sources, primarily peat. We are planning to double today's peat production of 10 million cubic meters by 1985. In addition, we are going in for energy savings. Consumption this year remained unchanged, even though the GNP rose by 6 percent.

Sweden Disturbing

Sweden is Finland's largest trade partner. Industrial cooperation between the countries has risen sharply the past few years.

"Economic trends in Sweden are somewhat disturbing here in Finland, as well," Finance Minister Pekkala says.

"I hope Sweden finds the right economic prescription. After all, we have no copyright on ours."

EC Worried About Policy

Stockholm SVENSKA DAGBLADET in Swedish 30 Oct 80 p 23

[Article by Lars-Georg Bergkvist]

[Text] During the next 3 years, Finland's forestry industry will put 12 new paper making machines into use. During 1980-1981 alone, the industry will invest between 7 and 9 billion marks.

After 3 bad years, profitability and the desire to invest have returned to Finnish companies. Industrial production, which rose last year by all of 10.5 percent, will rise by an additional 6 percent this year and by 4 percent next year, the predictors believe.

Total profits after taxes and interest payments for the 33 companies listed on the stock exchange, which in 1976 were down around a half billion marks, have again reached "normal" levels: 2.7 billion marks last year and about the same this year.

The companies are utilizing the upswing, among other things, to pay off part of their debts and renegotiate short loans to long ones at better interest rates.

The burden of debts is one of industry's great problems. In 1979 the companies listed on the stock exchange had a total turnover of 29.9 billion marks--and debts of 26.6 billion. Interest payments took 43 percent of the gross profits.

Forestry Leads

This does not at all mean, however, that the companies cannot handle any new investments. This year, material investments will increase by 30 percent and next year by an additional 10-15 percent.

It is the forestry industry that is taking the lead.

"Our export industry has only one leg and it is made of wood. But that is not unreasonable. It is in this area we have our advantage in the international competition," undersecretary Bo Goran Eriksson of the Department of Industry and Trade says.

"In the early fifties, the forestry industry was responsible for 85 percent of exports. Now its share has stabilized at around 45 percent."

Exports are a key factor in the Finnish economy, which is one of the most open in the world. Half the industrial production is sold abroad. Only Belgium has a higher percentage.

The value of the forestry industry's exports, like for industry as a whole, will increase this year by 20 percent. The forestry industry brings in around 23 billion marks from abroad.

Next year, however, stagnation is expected due to the recession at the large markets of Western Europe.

"The market is dropping rapidly. There is a risk that our investments will mature during the economic slump, resulting in overcapacity," director Aarne Castren at Finland's Industry Association says.

Increased Processing

The forestry industry is in its third great wave of development since the early fifties. The primary goal is to increase the degree of processing--not the production volume.

"Our plans for development have apparently shocked the French," Aarne Castren says.

"But the decision of the EC to raise the duties on paper, which was pushed through by France, is meaningless. This will not improve the competitiveness of their own industry, since it will not affect prices. It only increases our costs by 7 percent."

The availability of raw material is a bottleneck for both the Finnish and Swedish forestry industry, even though it is Europe's largest importer of round timber. It is floated in from the Soviet Union by way of rivers in the north.

The Jaako Poyry Consulting Firm says that the industry should convert from chemical to mechanical pulp to utilize better the high fiber quality in the Nordic forests. Newspaper and wood-free printing paper are the products of the future.

The investment programs also indicate that this is the path the industry intends to take: by May 1982, for example, three new newspaper and magazine paper making machines will be put into operation. Kaukous, which is working together with Stora Kopparberg, will build a second LWC-facility. Those investments alone will cost 2.5 billion marks.

No fewer than four companies plan to invest in wood-free printing paper and there are extensive plans in the area of bond paper.

United States Disturbing

The Finns are disturbed by developments in the United States.

"Their forestry business, to be sure, is primarily a home market industry, with cheaper raw materials and lower interest rates than ours, but when the market declines, they dump their overproduction in Europe. They need only to cover their production costs," Aarne Castren says.

The forestry boom has also carried with it part of the machine construction industry which produces machinery and equipment. Among other things, it now has 18 paper making machines in its well-filled order books.

Most of the orders are going to the domestic industry, but it is also an important export branch, which brought in just over a billion marks last year. Every sixth paper making machine in the world was manufactured in Finland.

The industry has several great competitive advantages:

The technical development is so slow--compared, for example, to the electronics industry--that even a small country such as Finland can lead the way.

Most manufacturers are part of conglomerates that have "built-in know how" in the form of their own forestry industry.

The industry, as well as practically the entire machine construction and metal sector, is of recent origin. They were built up so that Finland could pay its war reparations.

"The industrial development of the thirties in other industrialized countries occurred during the fifties here. For this reason, we presently have a modern production apparatus," Bo Goran Eriksson says.

Profitable Commercial Steel

One example is the steel industry. The state-owned Rautaruukki, using the most modern imaginable continuous casting technology, is producing 1.5 million tons of commercial steel per year in Raahen--almost as much as SSAB's Lulea. And it is doing it at a profit.

Last year, metal works exported goods worth 3 billion marks. But they also have a source home market in the domestic heavy machinery industry, which is developing at the same pace as the ever-increasing Soviet trade, which also evens out the economic fluctuations in the Western markets.

Twenty-five percent of the machinery industry's exports go to the Eastern countries. Machine construction is currently responsible for processing goods worth a higher value than is the forestry industry, but total exports now amount to "only" 15 billion marks.

For shipbuilding has almost completely avoided the international industrial crisis by going in for specialization: for example, every other icebreaker and every third passenger ship in the world is built in Finland. The order books are filled for 2 years in advance.

The garment industry is the most "Finland-Swedish" industry. Twenty Swedish-owned companies are responsible for a third of the country's garment production.

Imports from low-wage countries have not managed to compete successfully in the garment industry. Production is rising sharply this year. Clothing exports bring in just over 2 billion marks, half of which comes from Sweden.

This is also an important industry in Finland's unemployment problem. Every ninth industrial worker works for a garment company. The future now depends to a great extent on the upcoming wage negotiations: will the industry manage to retain the competitive edge derived from the low wages?

Construction Abroad

Otherwise, the export of construction and projects is the one that is growing most rapidly. Twenty Finnish companies are working abroad. The largest market--almost half--is in the Soviet Union, but construction companies have also had great success in the OPEC countries.

But this is a branch that is filled with risks. Finnish companies are involved in projects in Iran worth a total of 2.4 billion. The 2,000 Finnish employees who worked in that country have been evacuated because of the war.

"That can lead to bankruptcies among companies here in Finland," Aarne Castren says.



- A) Percent
- B) Industry moving at full speed ahead...
- C) Industry as a whole
- D) Utilization of total capacity

Graph 1: The Finnish industrial boom as reflected in statistics: Utilization of total capacity is on the way up to 95 percent...



- A) ...and so are profits
- B) Return on total capital for companies on the stock exchange percent

Graph 2: ...and profits have reached at least "normal" levels.

Overcapacity in Forest Industry

Stockholm SVENSKA DAGBLADET in Swedish 30 Oct 80 p 23

[Article by Axel Odelberg]

[Text] Finland's forest industry, more than hidden Swedish subsidies, has incurred the wrath of the EC.

This fall the EC directed sharp criticism against the expansion plans of the Scandinavian paper industry and the fact that these plans are being subsidized by state funds. It is against this background one should see MoDo's decision to back out of the bond paper project with NCB.

It is primarily the French pulp and paper industry that has criticized its Scandinavian competitors.

It was the French who were behind the request last fall to retain the so-called paper ceiling. This means that full duties are imposed on bond paper imports from the Nordic countries during the last 3 months of the year.

According to the EC's free-trade agreement with the Nordic countries, only certain predetermined quantities may be exported completely duty-free.

Sweden's exports had already surpassed that level in June, but it is not until now, in October, that the EC has begun to impose full duties.

It should also be remembered that the EC did not exercise this right in 1978 or 1979.

Jacques Minier, chairman of the French paper industry's cooperative agency, CEIPCC, describes the duty increase as a warning signal, triggered by the expansion plans of the Nordic, especially the Finnish, paper industry.

"Since the summer, the Finns have made public investment plans of remarkable proportions," Jacques Minier says.

"The calculations we have made, based on planned investments in Finland and Sweden, indicate that an enormous overcapacity will arise in Europe."

"We are now trying to act in such a way that Swedish and Finnish banks will not allow themselves to be enticed by the siren voices of the paper manufacturers and go into business deals that can involve losses."

The step taken by the EC this fall against the Nordic countries has raised concern for the deescalation process in the direction of full exemption from duties by 1984.

"The Scandinavians should not believe that there will be an open dog fight within the EC, simply because customs disappear in 1984," Jacques Minier says.

Valmet Chief Looks Abroad

Stockholm SVENSKA DAGBLADET in Swedish 31 Oct 80 p 33

[Article by Lars-Georg Bergkvist]

[Text] "The import freeze in Brazil was the direct reason why Finnish Valmet initiated its joint tractor production with Volvo BM. Valmet manufactures 4 times as many tractors in South America as it does at home. When parts deliveries there were stopped, the domestic production was too little."

This was stated by Valmet's managing director Matti Kankaanpaa, who also reveals that plans for joint production of paper making machines with the Johnson-owned Karlstads Mekaniska (KMW) have now definitely been shelved.

Valmet, with an overall sales figures of around 3.3 billion and 20,000 employees, is Finland's second largest company, after the likewise state-owned oil company Neste.

It is also the Finnish company with the most connections in Sweden. The joint production of tractors and forestry machines is the latest.

The two companies are the only tractor manufacturers in Scandinavia. Valmet's domestic position is strong: its share of the market is over 25 percent. In Sweden and Norway, however, sales have been more sluggish, under 5 percent. Volvo BM, on the other hand, has a strong position there.

Valmet's only large, foreign daughter company abroad is in Brazil. Last year 13,500 tractors were manufactured there.

"When deliveries there were cut off we, like Volvo BM, were too small. The competition is fierce, with giants such as Ford and Massey-Ferguson," Matti Kankaanpaa says.

"If it costs billions to develop a new automobile model, it takes at least hundreds of millions to develop a new tractor program."

The main features of the joint effort are complete. Now the partners are discussing details. Cabs, six-cylinder motors, and possibly transmissions will be produced in Sweden. All assembly will take place in Finland.

In 1982 the first tractors with the new Valmet-Volvo BM label will roll onto the market. Only after 3 or 4 years will the partners be able to read the results of their investment.

"We must become the market leader in Scandinavia. Later, we can move down the continent with the help of Volvo's retail network," Valmet's managing director says.

Forestry Machines Coming

In the area of forest machinery, joint production has progressed more rapidly. A much smaller investment is involved. The first coproduced machines are already on their way out onto the market.

Valmet's Tammerfors facility is the main plant. Carriers are produced and machines assembled there. The 50-50 owned Umea Mekaniska Verktad is responsible for harvesters and processors. All basic product development takes place in Finland.

The tractor group is responsible for about one-third of Valmet's combined sales. Like so many other large Finnish companies, it has a broad production program: machines for the forest industry and shipbuilding, the two other heavy branches, transport machines, electronics, and defense material.

The conglomerate was formed soon after the war, when the military's shipbuilding yards and machine construction industry were combined. The contacts with Sweden go back almost as far.

Cooperation Natural

Matti Kankaanpaa says:

"After the war we had to pay war reparations. We had plenty of labor and we obtained technical production know-how. But what should we produce?"

"It was natural for us to seek cooperation with Sweden, which was far ahead of us in research and development--and with Saab, which like us was involved in defense material."

One result of this is the automobile factory in Nystad. There, for the past 11 years, 25-30 thousand Saab 99's per year have been assembled. Half are sold in Finland and the rest go to Sweden. Saab and Valmet own half each of the company, which is the smallest automobile plant in Europe!

"Keeping the production volume up is the big problem," Matti Kankaanpaa admits.

"But it is a flexible facility with high productivity. When Saab discontinued the 96 model, it was easy for us to replace it with the assembly of Talbot cars, a purely Finnish car line.

The Nystad company has also developed its own extended version of the 99 called Saab Finlandia, a popular car here, and developed a new motor.

'Profitable' Oil Crisis

Despite the cooperation with Sweden, Valmet's largest market is to the east, for it is one of the large Finnish conglomerates that have profited from the oil crisis."

Sixty percent of production goes for exports--half of this to the Soviet Union. Rising oil prices and agreements for additional deliveries create a steadily increasing market there.

This is especially true of the shipbuilding group, whose export share amounts to almost 90 percent with sales of almost 800 million marks. It is able to share in the "10 billion mark pie," which the 5-year agreement currently gives the shipbuilding sector. This should mean orders worth at least 2 billion marks (Valmet's share in Finland's shipbuilding production is 20 percent).

"Sure, we have a steady market in the Soviet Union, but these are not deals that make themselves. The trade agreements determine in which areas the orders will be made. Afterward, the competition is tough among Finnish companies," Matti Kankaanpaa says.

Despite the stiff internal competition for Soviet trade, Finland's large companies find it unusually easy to cooperate. This is especially true of the TVW group: the joint Tampella, Valmet, and Wartsila company in the field of paper making machinery.

Joint Marketing

The group has joint marketing, the same sales channels, but no common ownership. The other two partners are privately owned.

The group has started marketing companies in Australia and Spain/Portugal and bought its way into the French company Ateliers de Constructions Allimand, to gain a foothold in both the EC and the former French colonies. A factory will soon be opened in Campinas, Brazil, which will be part owned by a local company.

On the other hand, attempts to broaden cooperation across the Baltic Sea have fallen through. Negotiations with KMW were conducted last winter.

"We were very close to an agreement, but a joint effort of this type requires that both partners perceive it as 100 percent fair. We thought that strict rationalization was needed--competition in this field is fierce. Also, both partners must think, among other things, about employment conditions in their respective countries," Valmet's managing director says.

9336

CSO: 3109

WARTSILA BEGINS PLAN WORK ON NUCLEAR ICEBREAKER FOR USSR

Helsinki HELSINGIN SANOMAT in Finnish 4 Dec 80 p 27

[Article: "Plans for Nuclear Icebreaker Begun at Wartsila Shipyard"]

[Text] The planning and development work on a nuclear icebreaker has commenced at Wartsila's Helsinki Shipyard since the Soviet Union will in all probability order such an icebreaker from Finland during the next five-year plan.

Even though an official and final agreement on an order has not yet been obtained, it became evident during President Urho Kekkonen's recent visit to the Soviet Union that both parties are prepared to cooperate in the planning and production of a nuclear powered icebreaker.

During the state visit the understanding that a nuclear icebreaker would in time be ordered from Finland was also reinforced.

However, an agreement on the purchase of a nuclear icebreaker can be expected after 2 years at the earliest. The order will come during the latter part of the five-year plan, which begins in 1981, if negotiations progress according to plan, is the assumption on the part of officials at Wartsila.

Even though the icebreaker is still on the drawing board, it has already been agreed in principle that the vessel will be constructed at Wartsila's Helsinki Shipyard and the nuclear reactor for the ship will be manufactured and installed in the Soviet Union.

At this time the Soviet Union has three nuclear powered icebreakers, all of which are operating in Arctic waters, in the North Arctic Sea, among other places. The Soviet Union is the only country to have nuclear icebreakers.

The officials at Wartsila are not inclined to disclose or estimate the exact price of the nuclear powered icebreaker since there is still time for actual negotiations on an agreement. However, "it will cost hundreds of millions of markkas," states a company source. There is also no inclination to talk about the dimensions of the ship.

On Tuesday Wartsila's Helsinki Shipyard turned over to the Soviet Union a Polar-class icebreaker, the value of which is approximately 250 million markkas. Another icebreaker of the same class will be completed next summer.

In the five-year plan beginning next year Finland's ship exports to the Soviet Union will increase to 2.5 billion rubles or more than 14 billion markkas.

ARMED FORCES APPROVE CUTTING PLAN FOR FORESTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Dec 80 p 26

[Article: "Defense Forces Increase Use of Wood Chips"]

[Text] The annual amount of wood to be taken from Finland's forests for energy purposes corresponds to nearly 1 million oil tons. Methods of processing small trees unsuitable for industry and their transfer to the place of use at competitive prices are problems that have been resolved for 20 years now.

Wood chip production for the needs of the defense forces has been under experimental development, and Vapo is the producer. The program has now progressed so far that the defense forces will obtain 45 percent of their energy from wood chips next year, and in the near future the proportion of wood chips will make up more than half of their energy production.

Pentti Poyry of the construction section of the Ministry of Defense estimates that the proportion of oil will be reduced to 30 percent. At this point it seems doubtful that it will be possible to exceed this limit.

The use of wood chips by the defense forces began in 1959 in the garrisons of Hamina, Viaseyly, and Kontioranta. The intent was to expand the experiment at a gradual pace. However, the oil crisis upset these plans and a sense of urgency has surrounded the program to expand the use of wood chips.

The importing of inexpensive oil brought an end to the Commission on Small Wood Products in 1964, but Vapo continued its studies on wood chips and the development of wood chip techniques. Counselor of Forestry Kosti Ranta points out the statute according to which Vapo's task is to deliver fuel and wood products to government institutions.

Vapo's experience with the delivery of wood chips to the defense forces does not support the delivery of wood chips directly from small producers to the consumer. According to Ranta continued readiness and flexibility will be required of the producers of wood chips. In order that the production of wood chips be maintained, a permanent organization must be responsible for it.

The wood chip needs of the Luonetjarvi Garrison can be cited as an example; during extremely cold weather 120 cubic meters of wood chips are used daily, in the summer only 20-30 cubic meters. The fuel and heating system requires wood chips daily on Sundays as well as weekdays.

A Train Carrying Wood Chips Would Reach From Tikkakoski to Vienna

To date Vapo has delivered 1,625,000 cubic meters of wood chips to the defense forces since 1959. Major General Lauri Koho, commander of the Sisa-Suomi [Inner Finland] Military District, states that this amount would fill a train reaching from his station in Tikkakoski to Vienna. Business Director Antti Savela would out of this amount be able to make a 100-meter large wood chip silo covering the whole area of Helsinki's Kasarmintori.

One thousand oil tons corresponds to 14,000-17,000 cubic meters of wood chips. The production of this amount of wood chips requires five-six man years if the men are skilled in their trade and have effective equipment at their disposal.

The year-round employment of a contractor requires the cutting down and transporting of approximately 30,000 cubic meters of wood chips. "The procurement of wood chips for fuel as a parttime employer of the farm population is perhaps of decisive importance," states Forest Manager Eero Lehtonen from Vapo.

15.3 Million Cubic Meters of Wood for Energy

According to estimates of the Forest Research Institute Finland's forests will provide 15.3 million cubic meters of energy wood unsuitable for industry every year and twice the amount that is now being produced. Such wood can be found in untended stands of young trees, low-yield deciduous forests, forest clearings, and in forests being thinned out for the first time.

10576

CSO: 3107

BRIEFS

BUDGET INCREASED 135 MILLION--Next year's official budgetary expenditures will be increased in the Diet by 135.5 million markkas. After the budget passes through the Diet's Finance Committee the final sum will be 56,072 million markkas. The Finance Committee compiled its budget report with a surplus of 5 million markkas. According to the report completed on Wednesday the state will procure additional income from taxes on fuel, liquor, and tobacco. In addition to last Monday's price increases, the prices of gasoline and other fuels will increase in January. The largest change in the budget relates to the pension, housing, and rehabilitation assistance to front line veterans. Increases amounting to a total of 77.5 million markkas will come from the joint initiatives of the ruling parties. The development cooperation fund was given an additional 10 million markkas, an amount with which the parties had to be satisfied contrary to the large demands presented in the preliminary debate. The traditional so-called Christmas funds of the ruling party will remain at 10 million markkas. The Diet intends to have the budget ready before Christmas. This was accomplished by the Diet only once in the 1970's, last year. [Text] [Helsinki HELSINKIN SANOMAT in Finnish 4 Dec 80 p 3] 10576

CS0: 3107

PRESIDENT SEEN ACQUIRING MORE POWER, PARLIAMENT WANING

Conflict with Constitution

Paris LE MONDE in French 20 Nov 80 p 2

[Article by Pierre Marcilhacy]

[Text] Presidential regime, parliamentary regime, constitutional monarchy: such are almost the only modes of administering democracies. They all have their advantages and their hazards.

By decapitating Louis XVI France broke with a tradition, and a tradition is something that cannot be recreated. The monarchical regime is thus impossible for us.

As for the parliamentary regime, it did not die a violent death, but dies rather of consumption. Parliament, bedecked in pomp, taken up with prebendaries, [sic] and more concerned about being a Rump Parliament than overseer, advocate, legislator, and a driving force, bears the main responsibility for its own defeat. A parliament that could be called courageous is one that simply does its job.

The electorate—which also bears some responsibility—sometimes makes it pay dearly for being so preoccupied with who's looking at it and not exclusively anymore with the little interests of those who elected it.

The responsibility, in the third instance, must also lie with the chief of state, whether it be Charles de Gaulle, Georges Pompidou, or Valéry Giscard d'Estaing. He wanted power, then all the power. He got all the power with the assent if not the concurrence of the legislature and the nation.

France in 1980 thus lives under a parliamentary regime according to the letter of the constitution, a presidential regime according to constitutional practice, and a monarchic regime by ballot, at least until it becomes hereditary, if one only looks at the facts.

Every 7 years, for an instant, the monarch comes to ask to be anointed by the whole electorate, then he acts as he pleases for his entire term of office.

Now the constitution of the Fifth Republic did not intend that. Certainly, it worked to increase the power of the executive. And it did increase it. On the other hand, the drafters were not expecting the checking and balancing forces to collapse. According to the strict letter of the document, the president was to be the arbiter. From the moment when, in the field, he became accustomed, of course with the nation's consent, to participate in the game, he ceased being an arbiter. There ensues a dangerous constitutional state of affairs--dangerous both for democracy, since the people no longer have any right to rule themselves during the rest of the 7-year period, and for the nation, which loses the sense of managing its own affairs by itself.

One can finally imagine that a National Assembly might be in opposition against the chief of state. This latter having relinquished his role as arbiter could only retreat to the hoots of the crowd. This would result in a scandal worse than a revolution.

To our knowledge, none of the candidates to succeed Valéry Giscard d'Estaing envisages returning to respect for the constitution, which, let us recall, entrusts to the prime minister--chosen by the president of the republic--responsibility for the executive with the corollary, responsibility before the National Assembly. What they all want is to win power, some in order to pursue the same policy, others to create a different one with the same absence of brakes and checks, for the latter are inoperative as soon as the referee kicks the ball.

At the very opening of the presidential election campaign, it would be proper for every candidate to say openly to the country whether he is opting for respect for the letter of the constitution or for the contrary practice, which has been done for more than 20 years.

The rest of their platform is doubtless more important, but it can only be discussed after the answer to the first question.

Now if ever is the time to recall that it is not healthy to lead a country into ambiguity: politics is the art of decisions, and every uncontrolled regime one fine day lays the blame on our most precious possession, which constitutes the essence of democracy: freedom.

Executive Branch Ignores Parliament

Paris LE FIGARO in French 14 Nov 80 p 6

[Interview with Roger Chinaud, president of the French Democratic Union (UDF), group in Parliament, by Sophie Huet, date and place not specified]

[Excerpts] Roger Chinaud, president of the UDF group in the Assembly, is a man who speaks little and whose discretion needs no further proving. The interview that he grants us here is by virtue of that fact all the more revealing, in the severity of the statements he makes. The Paris deputy lays the blame

squarely on Jacques Chirac and Bernard Pons, denounces the ineptitude of Parliament's role, and wishes for a merger of the different components of the UDF, after the presidential elections, with a view toward the 1983 legislative elections.

[Question] The autumn session of Parliament was especially tranquil. Does this mean that the center of gravity of political debate has shifted?

[Answer] Our partners in the majority have doubtless understood that the atmosphere of excessive aggressiveness had no positive aspects, even for their own partisan interests. And from the moment when we begin to approach a fundamental national turning point which does not involve the Parliament, we have always observed a return to discretion. That being the case, I think that the Parliament is no longer playing its role. For the executive, since the Sixties, has monopolized contacts with the socioprofessional organizations to the detriment of Parliament, in the preparation of decisions. He is motivated by the concern to instantly obtain apparent effectiveness. This is regrettable.

Moreover, the political groups represented in the Assembly have often behaved in a Manichean fashion. There is always a brutal border between "yes" and "no" for the government, and so, no more discussion is possible.

I think that following the presidential election, we must redefine legislative debate. The majority should welcome opposition proposals. The Assembly should do much more work in committees and should as need arises create commissions of inquiry—nonpolemical ones—on important subjects. The Parliament should defend the general interests and not local ones. The executive, for its part, should make the effort to involve the deputies more in the preparation of decisions. If not, the institutions will be put in serious peril. Presently, the ministers are no longer accountable, and are not even resting on the support of the political body we represent.

The Majority Exists

[Question] What are relations like presently within the parliamentary majority?

[Answer] The life of the parliamentary majority is not satisfactory. I do not hesitate to say that this is because since the change of prime minister the leaders of the RPR [Rally for the Republic Party] refuse to hold regular working meetings with the government, in common with the UDF. I do not mind if a prime minister is reproached for appearing more or less flexible, but I do not understand a majority party isolating itself deliberately from the head of government.

One might as well be asking the French to believe the majority no longer exists. I do not see what purpose is served by the president and the secretary general of the RPR in holding such curious views. In fact, the majority exists completely. First of all in Parliament, where it votes the budget, even in 1981, and all the major projects proposed by the government. It exists also in the electoral body. Sunday after Sunday, in the partial elections, and the municipal and cantonal elections, one sees this well. The public would surely be unable to understand a desire to put an end to the existence of a majority, to put an end to it would

lead to the paralysis of all governmental activity. Unless those who defend this point of view wish to change the present majority. Then they should tell us clearly just with whom they wish to do it.

[Question] The UDF will be 3 years old when the presidential elections are being held. The parties that compose it have only with difficulty achieved a "modus vivendi", except in Parliament. What is the cause of this malaise?

[Answer] You are making a rather strong statement! We have proceeded in these 3 years in a coherent manner and in a spirit of cohesion without exception, without any of the UDF deputies feeling constrained by his membership in this group.

With regard to the movement, 3 years is really very little, but here too the overall balance is positive. I add that I would like for the end of 1981 to be marked by a redoubled effort in attendance, in leadership, in political debate, and above all by a daily resoluteness of unitary solidarity in action, among what I would like to call the older components of the UDF. This is the only way that we will be able, in 1983, to win the legislative elections.

President Without Controls

Paris LE MONDE in French 15 Nov 80 p 11

[Article by Alain Guichard]

[Text] The cleverness of Giscard d'Estaing and of "Giscardism" is in the way it has of discouraging any more vivid awareness of the deep nature of the regime. Under cover of words which belie the facts, "advanced liberalism" makes it in fact difficult to see the realities.

With a subtlety that denatures all resistance, the authority of the president gradually annihilates all the counter-forces, not even leaving the citizen any longer the possibility (or at least leaving him less and less) of acting through the intermediation of his elected officials. Never, perhaps, in a democracy which proclaims itself still to be "parliamentary" has the Parliament been so dispossessed, without reacting, of its means of action--either with respect to law-making or to controlling the executive. The executive is now the president: a president who is not responsible to the National Assembly, and who can get away with determining the "priority actions" that his premier "should take between now and the presidential election," appropriating thereby the rewards without running the risk of a failure which would only be that of the "head" of a government doomed, in any case, to disappear.

The Parliament, condemned in the end in this regime to become a simple piece of constitutional ornamentation, obviously no longer fulfills its role and leaves the realities of power to the administration, the president reserving to himself the "broad directives." For lack of an outlet, the citizens, in their professional groups, no longer have recourse to anything but strikes or action in the streets (or the highways, when we speak of the truckers), quite apart from murderous violence among the most desperate. In such a regime, which calls itself "liberal," repression becomes the ultimate tool of governing. But, to escalate the penal code, one needs the law-maker, who one convinces by describing to him the violence of the situation. So, the noose is knotted.

SUMMARY OF MARCHEAIS' 131 PROPOSALS FOR 1981 ELECTION

Paris LE MONDE in French 22 Nov 80 p 10

[Article: "The 131 Measures Proposed by the Communist Candidate"]

[Text] The "plan for the struggle against the crisis, for change" presented by Mr Georges Marchais is composed of 131 proposals, broken down into four objectives (jobs for everyone, humane working conditions, a more just society, a free and responsible life in a fraternal society, a society for our youth) and three means of achieving them (develop France, a sovereign France, on the spot and active in the world, major democratic reforms).

Among Marchais' proposals are particularly:

- The creation each year of 500,000 additional jobs*: 260,000 in industry, 140,000 in the public and social services ("Any elimination of a post should be preceded by a reclassification").

Of the 500,000 jobs additionally created each year: 300,000 for women, 150,000 of which in industry.

- Stop the admission of new immigrant workers into France.

- A 35-hour work week without reduction of wages; 33 and 1/2 hours in the case of uninterrupted operation with a fifth shift. Thirty hours paid on a full-time wage basis for working mothers who are raising children under 2 years of age (or for one of the parents when both have jobs).

- A fifth week of paid vacation.

- Allow workers to collectively decide on the conditions and organization of the work and to participate in the choice and application of equipment, particularly as concerns the maintenance and updating of tools.

* Roughly speaking and considering the fact that a job that has been created does not eliminate a jobseeker and also considering the arrival of young people each year in the job market, it would take 7 years to reduce the number of jobseekers from 1.5 million to 500,000, a level which we may assume to be incapable of further reduction. Moreover, let us note that from 1959 to 1969 — a period of vigorous economic growth — only 240,000 jobs a year were created (outside the public sector).

- Extend the right to full retirement to women 55 years of age and to men 60 years of age.
- Immediately raise the SMIC [Interoccupational Minimum Growth Wage] to 3,300 francs a month and bring it up to 4,000 (in constant franc) before the end of the coming 7-year term. Gradually reduce the wage scale to a range of from 1 to 4.
- Sharply increase the income tax rate for the high-income brackets: Raise the maximum rate to 100 percent ("that is, take everything") for income brackets higher than 40,000 francs a month. Eliminate all deductions allowed for shares and bonds. Tax capital gains accrued through speculation up to 100 percent. Create a progressive tax on property with rates running from 1.5 percent to deterrent ones of from 15 to 20 percent (basic allowance of 2 million francs per family, annual reporting of property). "Any fraud involved should be punished."
- Reduce income tax for low-income families: exemption for regular Army personnel and people on retirement, blanket deduction per child, deduction for couples when both husband and wife have jobs, no value-added tax for items of basic necessity.
- Build 500,000 HLM [Low-Cost Housing Program] units a year, modern and comfortable apartments. Decide that no family with an income twice as low as the SMIC (or 6,600 francs immediately after the election) can be forced to spend more than 15 percent of its income for housing (rent plus expenses). Put an end to waste: no more half-empty office buildings, no more status apartments. Equitably distribute immigrants among all municipalities.
- Under the heading of safety: "Have done with the impunity and the protection hooligans, criminals, drug peddlers and pimps enjoy." Assure safety in the subway, means of public transportation, post offices and banks. Try cases of rape and sexual assault in superior court.
- Under the heading of making a living in rural areas: Put an end to the decline in farmers' standard of living. Raise prices for the producer so that they match the spiraling of costs (fuel, fertilizers, equipment, land).
- Under the heading of freedom and equality for women: Raise maternity leave to 6 months.
- Each of the populations of the DOM-TOM [overseas departments and territories] has the right to freely decide on the status of their own choice (self-determination).
- Under the heading of "an unstintingly [given] life": In the municipalities let people be elected aldermen as of 18 years of age.
- Under the heading of independence in energy matters: While national production covered about 25 percent of our needs in 1979, it is possible and necessary for it to cover almost 60 percent in 1990 (double coal production in France, assure the nation mastery of the development of nuclear energy) and to devote 3 percent of gross domestic production to research.

- Achieve a GDP (gross domestic production) annual growth figure of about 4.5 percent. When necessary, adopt protective measures (understood import tariffs and quotas) to develop our strength.
 - Beat inflation, impose truth in pricing.
 - Defend the franc.
 - Under the heading of disarmament and peace: Stop research and the production of new weapons of extermination, first of all the neutron bomb. France must ensure its security. It must have at its disposal an effective defense (opt for all kinds of deterrence, maintain French nuclear armament in operational condition, assign the decision to use it not to a single person but to a high commission for nuclear defense).
 - Nationalize 23 combines, among which figure particularly Röchette, Peugeot-Citroën-Talbot, Michelin, Matra, the General Water Company, the Lyons Water Company, ESN [expansion unknown]-Cervais-Danone, etc. (see, moreover, the comparison made with the list contained in the joint program).
 - To "break the power of money": Reduce the value-added tax gradually while developing a high-yield tax on business capital, increase the profits tax for business firms and create a tax to lay a heavy burden on inflationary profits.
 - Control the development of prices at the sources of production and distribution. Reduce the number of commercial middlemen.
 - Eliminate the ENA (National Administration School) and all the privileges along the approaches to the administration of the state.
 - Elect a regional assembly by universal suffrage. Eliminate the office of prefect.
- And lastly, Mr Marchais said that it was possible to restore full employment and assure a constant increase in purchasing power.

11,466
CSO: 3100

NATION MOBILIZES FOR BIO-INDUSTRIAL ADVANCES

Paris LE NOUVEL ECONOMISTE in French 10 Nov 80 pp 90-96

[Article by Gilles Coville and Jacqueline Geraud]

[Text] A lack of specialists, raw materials which are too expensive, and insufficient knowledge of the technologies. What obstacles in the way of the bio-industrial revolution exist in France! But, mobilization has begun.

"In a simple lump of yeast there is a genuine planetary war taking place. Billions of microbes, belonging to tens of different strains, appear, proliferate, and kill each other. The outcome of the conflict determines the characteristic of the food." In charge of the "biotechnological processes" division of the Technological University of Compiègne, Prof Jean-Michel Lebeault succeeds in making comprehensible the invisible microbe saga present in the preparation of bread.

Of this fermentation, which Pasteur discovered was the work of microbes, man has taken advantage for centuries while knowing nothing about its mechanisms. Today, because of the explosion of biological knowledge, the systematic exploitation of the work of microbes heralds, in the same way as the explosive flood of microprocessors, an upheaval in industrial processes capable of yielding solutions to the great problems of the times. Energy, food supply, health, and pollution--it is the microbes which will effect the revolution.

It took the report on the "life sciences" by Profs François Gros, François Jacob, and Pierre Royer, a year ago for France to discover that, in spite of its six "Pasteurian"^{*} Nobel laureates, it ran the very great risk of missing out on this bio-industrial revolution as it had done with data processing. And that the example--or the challenge--was coming, here too, from both sides of the Pacific: from Japan and California. "Our report had the effect of an electric shock upon the pharmaceutical and agricultural food industries," Prof Gros, director of the Pasteur Institute, relates. "We were reproached by many for being excessively severe. I maintain that our industry, even though it has a good chemical foundation, is inadequately prepared in biology and

* The meaning of the French word "pastorian" is unclear in this context. The Robert dictionary defines it as "relating to the theories of Pasteur and their application."

enzymology." This deficiency has an economic penalty. While it boasts of its "green petroleum" France imports 85 percent of its protein for cattle, with soya oil-cake in the lead. While it has, in Rhone-Poulenc, one of the great pharmaceutical groups in the world, its trade balance is in deficit in the antibiotic sector where demand is ceaselessly growing. The only area of biological products in which it occupies a worldwide rank is that of immunology—which has just earned a Nobel Prize for Prof Jean Dausset—a "Pasteurian" tradition extended by the success of the Merieux Institute. The American Schering-Plough firm has just saluted this advance by deciding that its French subsidiary, Unicet, will establish an international center of immunological research at Lyon, an investment of 150 million francs over 5 years.

The electrical shock administered by the "Three Sages" has already had its effects. Today there is better appreciation of the magnitude of the obstacles to be overcome in order to improve the fortunes of the French industry: gaps in research, shortage of qualified specialists, lack of familiarity with the technologies, high prices of agricultural raw materials, and narrowness of the domestic market. Within the Secretariat of State for Research as in the Ministry of Industry, priority is now given to development of bio-industry. It appears among the six subjects for activity of the CODIS (Committee for Orientation of Strategic Industries) to which 50 manufacturers have already submitted projects. "We must give even more thought to defining a general strategy" in the opinion of Christian Langlois-Meurinne, director for Chemical Industries and Textiles in the Ministry of Industry. "We have asked SEMA [expansion unknown] for a market study in order to weigh the prospects of the French industry and determine which are competitive processes. But we cannot serenely await the results of such thought. Time is pressing. We are willing to support all initiatives." Benefiting from the present spotlighting and the prestige of the "California Model" is genetic engineering, the technique enabling the heredity of a micro-organism to be modified, which has inspired the first initiatives (see box, p 92 [not translated]). But most of the groups involved with this avant-garde technique have other irons in the fire. Elf-Aquitaine has established Elf-Bioindustrie, while its pharmaceutical subsidiary, SANOFI, has strengthened its position by acquiring control of Institute Pasteur Production and then of the pharmaceutical branch of Clin-Midy. Moët-Hennessy has just acquired 49 percent of the stock of SETRIC, a small enterprise in Toulouse which is highly innovative in the field of biotechnological apparatus. Air Liquide, the one French industrial group with the greatest commitment to research and future technology (nearly 2 percent of business volume) last year formed EUROSOME, a company specializing in production of "lyophilized lactobacilli" for the cheese industry—an initiative which is less surprising when it is known that Air Liquide is associated in Carboxyque Française on a 50-50 basis, with Fromageries Bel, one of the pioneers in recovery by microbiological processes of the proteins contained in whey.

The Japanese model, champion in production of amino-acids (the constituents of proteins) by fermentation has inspired Lafarge. By acquiring control of the Belgian Coppee group and its subsidiaries, Orsan and Eurolysine (50-50 with the Japanese firm, Ajinomoto) the specialist in cement and refractory and sanitary products has become the foremost European producer of the two amino acids, glutamine and lysine. This latter operation has the virtue of being

lucid because it concerns well identified markets. In contrast most of the others do not seem to conform to very precise strategies as it is a question of boarding a train in motion on the chance of discovering its destination later on.

"After having suffered from ignorance, it seems to me that today all the biotechnologies earn high marks," we were told by Prof Daniel Thomas, one of the experts at Compiègne, and author of a report for the European communities. "The danger is that too much will be expected and too quickly...without very well knowing what! The interest of manufacturers to me seems often based upon diffuse feeling more than upon concrete technical-economic studies." To Prof Gros "it is a problem of training. That of the French decision makers, public and private, favors mathematics and physics and prepares them poorly to understand the problems and constraints of living beings." Biotechnologies do not easily enter into the traditional industrial structures. And the reason: bio-industry is defined less by the nature of its products--pharmaceuticals, food-stuffs, energetics--than by utilization of raw materials and biological agents, vegetable matter and microbes and by its mode of production which exploits the processes of living things (see box, p 94 [not translated]). The strength of the large Japanese firms lies in ignoring the yoke of sectorial specializations: each one exploits the whole gamut of its technological capabilities and its microbe strains to produce, equally, aromatics, medicaments, cosmetics, or detergents. The approach of French firms consists, rather, of seeking ways in which biotechnologies might improve their traditional production.

Such is the case with Rhone-Poulenc, for example, which can rightfully proclaim itself the leading French bio-industrial firm. It is true by virtue of its fermentation capacity to produce vitamins and antibiotics, which is almost equal to that of the largest Japanese and American firms. And it is true by virtue of the nature of its products, in particular, the vaccines and blood derivatives of its Roger Bellon and Institute Merieux subsidiaries. "Biology for us is not a new discovery," asserts Igor Landau, director of the group's Health Division. "Biological products represent a business volume of 1.5 billion francs.... In 5 years the portion of our research budget devoted to biology went from 35 to 50 percent." But, with Rhone-Poulenc it is less a question of exploring new areas than of progressing in its conventional activities: increasing the yield from fermentation, improving the antibiotic producing strains, and above all, discovering new pharmaceutical compounds. "Especially in seeking these new compounds biological screening, a selection method which reproduces the mechanisms at work within the organism, offers a distinct advantage over chemical screening. But in order to manufacture the product for a long time we will have recourse to chemistry. It is a matter of cost price. Our subsidiary, AEC, is producing methionine, an amino acid for cattle, by chemical synthesis at Comenstry and Roussillon. Because it is less expensive, ethanol was produced by fermentation 40 years ago. A method displaced by petrochemistry. Perhaps the cost of petroleum is going to make us return to the process of yesteryear. For each of the 5,000 products the group manufactures, we examine which is the more economical; biosynthesis or conventional chemical synthesis."

It is also in connection with its present activities that the Elf-Aquitaine group is approaching biotechnology. "Whether it be a matter of assisted recovery of petroleum, of fine chemicals, of the health sector, of the production of new forms of energy, or of the seed sector, all the manufacturing directorates of the group desire to evaluate the potential contributions of this new tool," says Pierre Feillet, on detached assignment from INRA [National Institute of Agricultural Research?] to manage the "biotechnologic" strategy program of Elf-Aquitaine. But the group directed by Albin Chalandon, whose appetite for diversification is well known, does not thus limit its ambitions. Elf-Bioindustrie was established to develop all the new biological activities of the group, particularly those resulting from work done in the laboratory which will be built at Toulouse within the next 2 years. Already four research paths have been chosen. One short term program conducted at Lacq concerns the production of biogas by fermentation of pork [word unknown*]. For the future in fine chemicals the group is closely following the work on enzymes, those catalysts of the chemistry of living organisms which may revolutionize industrial synthesis. Elf is also associated with the large program for fixation of nitrogen of the air by micro-organisms being jointly carried out by the INRA, CNRS [National Center for Scientific Research], and the Pasteur Institute, an agriculturally oriented program with which Feillet is well acquainted: "The objective is to decrease the importation of nitrogenous fertilizers by utilizing the ability of microbes in the soil to fix nitrogen contained in the air." That is a long-term research project, as are those concerned with exploitation of ligno-cellulose, the essential constituent of wood. "Wood contains 50 percent sugar, not recoverable today because it is bound within an inseparable mixture of cellulose and lignin. Nobody knows what is the right research path. Exploratory work must be done without guarantee of success. Research of high risk, but the stakes are considerable because the wood sugar is an important potential source of alcohol, and hence of energy."

Director of research at BSN-Gervais-Danone, Pierre Mainguy, nurtures less futuristic ambitions. "We have always treated bio-industry as Jourdain treated prose. The novelty is going from the empirical to the reasoned. The biotechnologies will be to the food industry what recipes are to gastronomy; they should make it possible to obtain the same gustatory quality. What the French industry has lacked up to now is the technological environment, the 'hardware,' which has not kept pace with progress in basic research."

That technological environment is to be found at the University of Compiègne, whose president, Prof Guy Denielou, although a nuclear engineer, has felt since 1973 that a large place must be reserved for biotechnologies. In its laboratories, whose resolutely modern architecture combines the tubes of Beaubourg and the foot-bridges of Roissy, there floats the perfume of a California campus. But the inspiration is clearly Japanese. "It matters little whether it is desired to make sauerkraut or plastics, the problem is knowing how to put the

* The word "lisier" used in the source is not found in the Robert dictionary, or the Larousse.

microbes to work. That is our sole specialty," says Prof Lebeault. "While the French are by choice specialized and abstract, in biotechnology one must be general and concrete," Prof Danielou states further. Directed by Prof Georges Brown, the Department of Biologic Engineering at Compiègne provides a rare example of liaison between university and industry. In the laboratories on the second floor test tubes are being manipulated and research work which is often very basic is being performed. But in the large bays of the ground floor pilot plants are being constructed, and all the parameters of new processes are being tested before they are committed to manufacturers for exploitation.

Installed in the heart of an agricultural region, the research workers at Compiègne work most particularly with the agricultural food industry. "Industrialization in this area is accomplished by adaptation of the foodstuff to the machine, especially to the means of chemical additives," explains Prof Henri Chaviron, an expert in flavorings. To find the hygienic, dietetic, and gustatory qualities of the synthetic food it is necessary, in contrast, to rethink food technology fundamentally." And, first of all, discover all phases of the microbe war whose end result determines the characteristics of the foodstuff. "A cheesemaker knows, by tasting his cheese, whether or not it is in proper condition. What he does not know is to what extent the result depends upon the stage at which the fermentation is interrupted. That is why the same brand can offer products which vary," says Prof Lebeault. The objective of the research workers at Compiègne is to learn to master completely the development of the microbes' work in order to provide industrial foodstuffs of consistent quality, an objective requiring the collaboration of biologists, chemists, mechanical engineers, and data processors. "The microbes are highly temperamental," Prof Lebeault states. "All disciplines must be combined in order to master their evolution."

The first success: sauerkraut. The producer in the department of Sarthe, Charles Christ, was not satisfied with the taste of his product. The reason? "He seeded each new vat with 'juice' from the previous one. And the bacteria from the end of the cycle killed those of the first phase, which are indispensable to product quality," explains Prof Lebeault. By decontaminating his "juice," Christ is now obtaining an industrial sauerkraut as good as his grandmother's.

Formerly head of the "proteins from petroleum" project at the BP plant at Lavera (now closed), Prof Lebeault does not believe, for the future, in the production of pure proteins, the path nevertheless chosen by the giant British ICI [Imperial Chemical Industries], which has just completed a plant with 60,000 tons annual capacity. "A complete food must provide energy, not solely proteins. If a pure product is manufactured, it must be remixed, and that is expensive. We shall be competitive if we bring a complete product out of our fermentation processes." Basic foodstuff of Africans, manioc is a highly energy providing product by virtue of the starch sugar, but much poorer in proteins than the rice of the Asians. In a large fermentation vat built at Compiègne, the manioc is now being enriched in protein by proliferation of a yeast strain selected by the CNRS. The finished product, manioc intermixed with yeast, is reminiscent of a sort of light biscuit taken with aperitif. Negotiations are under way for construction of an actual plant for enrichment of manioc in an African country.

France does not have to worry about malnutrition but does have to be concerned about better exploitation of its agricultural products. Sugar beets, for example. Must sugar or alcohol be made from them? Likewise with starch from cereals, or cellulose from trees, one may also make either sugar or alcohol, then ethylene, and hence establish a new chemistry based upon vegetable carbohydrates and no longer upon hydrocarbons. To get away from importing sugar-cane the Americans have earnestly commenced to exploit corn starch; thus they are producing 3 million tons of corn syrup and sugar. "Cereals contain 70 percent starch and 30 percent inert substances," says Prof Lebeault. "One may very well reserve the latter for food and transform the starch into chemical products. The problem is which, chemistry or food agriculture, will control the raw materials, which will be dependent upon the other. The scuffle has already begun. The chances are great that the chemical industry will win because it is very powerful."

In competing in the exploitation of these new raw materials European manufacturers are also restrained by the high prices of Community agricultural products. "The Americans can make sugar from their corn; they export the latter and it costs only half as much as in the Community," remarks Landau. "Some developments which are conceivable in the United States are not so for us." This problem is one of those which the government is studying. "The industrial choices must be compatible with the policies being implemented in the other sectors," we are reminded at CODIS. That involves the Community agricultural policy, and also the directions of research and the training of people.

Industrial initiatives come up against problems of recruitment. "What is lacking is not the basic personnel. The lack is of high level research workers, capable of directing a team," states Prof Gilbert Durand, Toulouse specialist in fermentation, who has directed a "think tank" at the DGRST [General Directorate for Scientific and Technical Research]. The first concrete step; the DGRST is disbursing 1 million francs in scholarships this year; it will have double that amount available in 1981. "It is above all a matter of redirecting research workers and engineers who have already been trained by giving them a more 'pointed' specialization," states Prof Pierre Royer, scientific counselor to the DGRST. "In 5 years we should thus have 300 specialists available." Research must also be redirected to microbiology and enzymology, two disciplines which have been neglected because of the current fashion favoring molecular biology and genetics. Next year the Fund for Research will devote 30 million francs to these new programs. Whatever these gaps may be, French research is already providing opportunities which industry is slow in grasping, in the opinion of CODIS responsible officials. "Too few manufacturers know what new things they could do," Prof Durand also finds. To help them the government has decided upon the establishment of four "transfer centers" (see box, p 96 [Manufacturers at the Microbe School]), which are both places for meeting and of advisory services where the gulf between research and its development should be eliminated. Initially, the government expects that these centers should permit the P/E [small and medium-size enterprises], lacking their own research resources, to participate in the development of bio-industry. The responsible officials of the DGRST believe that today recourse to biotechnologies demand great resources. "It is less the matter of research than the enormous costs of development--extraction, product purification, long toxicological tests--

which exceed the capabilities of a medium-size manufacturer," in the opinion of Prof Royer. "In our domain investments are always very great, about 500 million," states Landau. It can be well understood why manufacturers show some reluctance! All the more so since dividends are long term and results not guaranteed. "There are few products for which the French market is sufficient; Eurolysine, for example, is exporting 60 percent of its production," a SEMA expert reminds us. It is therefore necessary to aim at a larger market. European? Worldwide? And which products must be selected? "Interferon is not a good program for France. We missed our chance 4 years ago when Roussel and Pasteur did not succeed in reaching agreement upon carrying out joint research. Now we are too late," in the opinion of Prof Royer. "But at the same time the responsible officials of CODIS claim a certain 'right to be wrong.' It is not yet known whether interferon will fulfill its therapeutic promises. But have we the right to be absent, not to run this risk?" Even in official circles the "bio-industrial" strategy is still a long way from being decided. It should emerge next year from meetings of CODIS officials, manufacturers, and bankers, and be nurtured by the results of the inquiry by SEMA which, after a visit in the United States, is finishing with a trip to Japan. And which, as well as determining which "processes" are competitive, seems intended to find possible foreign partners. "In visiting the principal American firms we have sought to find out if they were interested in coming to work with us. As BUSINESS WEEK recently wrote, the Americans have come to understand that indeed to work in France, a 50-percent French partner is necessary. That is also true for the Japanese." The development of the bio-industry appears decidedly more a business for the multinationals than for PME.

[boxed text, p 96]

Manufacturers at the Microbe School

In the beginning of 1980 the government decided to establish four transfer centers. "A list not limited to these," states Prof Royer. "It may be decided to establish two other centers--at Lyon and at Paris."

Paris: Nobel prizes make it obligatory for the Pasteur Institute to house the "genetic engineering" transfer center; 300 square meters of new laboratories are to be available next year. In addition, the government has decided to establish, at the Pasteur Institute, a data bank which will make it possible for laboratories and manufacturers to know which microbe strains are available in France.

Grignon: Within the National Agronomic Institute there will be established a center of microbe genetics which will perform "screening of strains after the manner of the Japanese" in an attempt to make up the French lag in identification of "useful" microbes.

Toulouse: A laboratory devoted to fermentation engineering will be built at INSA between now and 1982. It will combine the capabilities of Prof Durand's team, already installed at INSA, geneticists from INRA, CNRS, and the university, and data processors from an automation laboratory. "Our work begins when a strain

is selected," says Prof Durand. "We must define the conditions which will enable it to produce all of which it is capable. The optimum efficiency must be obtained, by modifying the microbe's physiology. That is the work of the geneticists. And by perfecting fermentation technology." An example of improved efficiency: going from batch fermentation to continuous process fermentation. Normally beer ferments in vats which are emptied and cleaned at the end of each operation. The new process: the beer wort is passed through a column within which the yeast is placed; fermentation takes place more rapidly and the process operates continuously.

Compiègne: The technological university will house the center for "enzyme engineering," the specialty of Prof Thomas, and developments of which can yield products with greater added value. In living in chemistry organisms enzymes play the role of catalysts in chemistry; without them no breakdown of large molecules nor synthesis is possible. An enormous advantage over chemical catalysts: enzymes function under ambient pressure and temperature conditions. Whence the idea, to carry out certain transformations, of no longer working microbes--which must be fed and maintained under proper living conditions--but only the useful enzyme. It is in this way that the Americans make sugar from corn. "With enzymes more expensive raw materials can be exploited because the energy necessary to support a living system is saved," Prof Thomas emphasizes. Of the some 2,000 enzymes present in a cell, we know how to exploit scarcely 15 today. In particular, even though it is known how to effect some breakdown of large molecules, yet to be achieved are enzyme syntheses under profitable conditions. In the end it is biotechnology which might change pharmaceutical and fine chemical production the most.

11706

CSO: 3100

THOMSON-CSF OFFICIAL INTERVIEWED ON WEAPONS MARKETS

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-30 Nov 80 p 19

[Interview with Jean de Mercey, assistant general director of Thomson-CSF; date and place not given]

[Text] [Question] In recent years, a large share of French weapons systems exports have generally been linked to exports of aeronautic equipment. However, in the recent contract which Saudi Arabia made with France, one sees important markets in the naval field. While French exports of aeronautic equipment seem to be marking time, do you believe that through the naval sector, there is a possibility of conversion for traditional weapons systems manufacturers?

[Answer] In general, I do not believe that one should speak of conversion because actually, there is an increasingly broad interpenetration of electronic techniques in the naval and avionics sectors.

Naturally, the Saudi Arabian order will mark the coming years with an upsurge of activity in the naval field, but for Thomson-CSF, I would remind you that this is not a new activity. On the contrary, historically speaking, within our company electronics began with naval applications before the advent of aero-related applications. We have therefore always had sustained naval activity.

As for our avionics activity, it continues to progress although in 1980, there was indeed a certain slump in airplane orders for military purposes, first of all, because we have an airplane equipment plan that remains important in long-range terms and second, because our avionics division also produces other equipment: remote control devices for missiles, interceptors to be carried by planes and ships.

[Question] Concerning your military activities, there is little talk of the naval sector. What does it represent for your company?

[Answer] We have highly diverse activities. In fact, beyond the supplying of equipment carried by ships, we are making more and more complete weapons and equipment systems, systems that include different sensors, telecommunications equipment, data processing information, weapons guidance means, surface-to-air missiles (the Crotale, for example), and so on.

In addition, we have increasing activity in the field of submarine acoustics, both for surface vessels and the submarines themselves, characterized by remarkable progress in exports. On the whole, speaking in terms of turnover, the naval sector represents one-third of our military activities.

[Question] What does the aeronautic component represent as part of that naval market?

[Answer] It is growing because of the increasing share of airplane and helicopter engines in naval weapons systems, without mentioning maritime patrol planes.

[Question] What are the bases for development of the naval market?

[Answer] In recent years, the trend was toward the purchase of small ships (200 to 400 tons), armed with sea-to-sea missiles. The efficiency of these missiles, on the one hand, and miniaturization of electronics and data processing means, on the other, have made it possible to put extremely powerful means on small ships, which would have been unthinkable only a few years ago.

Today, needs seem to be evolving toward ships with larger tonnage (1,500 to 2,000 tons). In other words, the weapons systems we deliver will be even more complex.

But to respond to such needs, it is indispensable to have competence in all the techniques implied by such systems, which we can do because of our very extensive catalog.

This will be used to great advantage for the Saudi Arabian order.

[Question] What will be the effect on technological developments of the naval sector?

[Answer] The special environment of warships, the very long duration of missions at sea, impose particular technological limitations on our equipment. The development of naval equipment has therefore always helped to improve all our equipment. That is already one technological effect.

Furthermore, even more than in the case of aeronautic equipment, we are, in the naval field, forced to conceive rather diverse systems in order to respond to the particular requirements of our foreign customers. For example, for one export order, we manufactured a Ka band radar of the original fire control. This is another interesting technological repercussion of the naval market.

[Question] Do you develop your systems mainly out of your own funds or through government contracts?

[Answer] In general, within Thomson-CSF, our research and development effort is considerable. For the company as a whole, sums devoted to this effort make up 20 percent of our turnover on the average. This percentage is even greatly exceeded in some fields.

Considering our expansion, we are led to provide more and more of the financing for that effort out of our own resources and through foreign contracts. But the share

of the French Government remains substantial and essential for the orientation of our studies.

[Question] You spoke of foreign contracts. What is your company's position on naval weapons systems exports?

[Answer] As a naval electronics firm, Thomson-CSF is among the top three exporters in the world in the field of equipment for warships.

Actually, we have very few competitors able to supply as large a range of products as we do. Our two main rivals are European for to our knowledge, the United States, which has a very large domestic market, does not have builders with such a complete range of equipment.

[Question] Does your company want to sell alone or would it prefer to be in some way linked to shipbuilders, just as it was linked to airplane builders?

[Answer] Unlike in the case of the avionics market (from the very beginning, combat planes are designed with their weapons systems and cannot be dissociated from them later), our equipment can be installed on very different ships. That is why we have no special attachments in this field.

Naturally, while we maintain the best possible relations with French shipbuilders, we fortunately succeed in equipping vessels built by foreign shipyards.

That is one of the important elements of this market, a market that should remain promising for years.

11,464
CSO: 3100

THOMSON-CSF LABORATORY ACTIVE IN OPTOELECTRONICS

Paris ELECTRONIQUE ACTUALITES in French 7 Nov 80 p 14

[Article by F. Grosvalet: "Two Axes of Research in Optoelectronics at LCR (Thomson-CSR)"]

[Text] Optoelectronics and the investigation of compounds of the III-V type are two of the main axes of research at the LCR [Central Research Laboratory] of the Thomson-CSF company. Having an aspect in common (the investigation of III-V compounds in optical applications), they represent about half the LCR's activity.

Optoelectronics alone involves around one third of the LCR's laboratories. The main body of this activity is centered within the Optoelectronics Devices and Systems group headed by Mr Leclerc.

As is the case with all the LCR's studies, its optoelectronic research is financed to the extent of 75 percent by the Thomson-CSF group, the rest being financed pinpointedly by the interested government administrations (DAII [Directorate of Industrial and International Affairs], DGRST [General Delegation for Scientific and Technical Research], DRET [expansion unknown], etc).

Since the transfer to the DCM [Microwave Components Division], in January 1979, of its work on gallium and aluminum arsenide (Ga Al As) lasers produced by liquid-phase epitaxy and emitting at $0.85\mu\text{m}$, the optoelectronics group's work has been devoted to $1.3\mu\text{m}$ and $1.55\mu\text{m}$ laser emitters and their respective detectors.

The LCR has already obtained good results in this domain, with sustained operation at ambient temperatures, last year-end, of the first laser having an active zone consisting of a quaternary compound of phosphorus, arsenic, gallium and indium (Ga In AsP) and emitting at $1.27\mu\text{m}$. Mr Leclerc's research group is also the first to have succeeded in operating, in February, a Ga In AsP laser produced by metallo-organic vapor-phase epitaxy, at $1.18\mu\text{m}$, and has obtained the best results to date, worldwide, with Ga Al As lasers at a threshold current of 800 A/cm^2 .

The LCR has facilities now for four methods of fabricating compounds: ordinary vapor-phase epitaxy, liquid-phase epitaxy, metallo-organic vapor-phase epitaxy (in English: MO-CVD [metallo-organic chemical vapor deposition]), and molecular beam epitaxy [MBE]. Next year it will have facilities for the Czochralski process. Ordinary vapor-phase and molecular beam epitaxies are not used for the production of laser structures.

As for large-scale production, the future seems to point to metallo-organic vapor-phase epitaxy. Liquid-phase epitaxy, although it yields good results to the DCM, remains a relatively costly process and one that is difficult to put into production because of its highly technical nature.

While it is continuing its work on 1.3 μm lasers with a view to improving their performance characteristics before they are put into production, the LCR expects to realize shortly a 1.55 μm device (still using a Ga In AsP compound but with different proportions of indium and phosphorus), this wavelength being that of another attenuation minimum in silicon optical fibers (it would appear also, according to the Japanese, that this wavelength is the most suitable for optical telecommunications).

At 1.3 μm for liquid-phase epitaxy and at 0.85 μm for metallo-organic vapor-phase epitaxy, preliminary laboratory results show promise for the future, and it is now possible to foresee the start of industrialization, with the turning over of the work to the DCM targeted for the end of next year.

But there are still many problems to be resolved in these two domains, above all in that of metallo-organic vapor-phase epitaxy. The market at the 1.3- μm wavelength is not yet defined; true, the DAII has put out requests for bids on links at that wavelength, but these do not represent immediate requirements (none for 2-3 years from now).

Since achieving sustained operation of the first 1.3- μm laser at ambient temperatures, the LCR has been working on improving its temperature-response characteristics and, in particular, on increasing its operating temperature.

Its main research efforts are being focused on the device's structure, currently a double heterostructure for the indium phosphide substrate with a Ga In AsP active zone, to improve its heat dissipation and optimize the dimensions of its active zone. The processes being used by the LCR to establish the size of the active zone (ribbon structure) are not being revealed but it appears that proton bombardment, which is currently used for Ga Al As lasers, is not the best solution at 1.3 μm .

The 1.3- μm lasers being made by the LCR, which are solely to supply the group's own needs, have threshold currents of 100-150 mA, output powers of the order of 10 mW, and a life span of over 10,000 hours. (The problem of the degradation of Ga In AsP lasers appears to be simpler than in the case of Ga Al As lasers. A rule of thumb appears to be in the process of verification, according to which, the shorter the wavelength the greater are the problems of degradation).

The objective for lasers intended for telecommunications use, be it at 1.3 μm or at 0.85 μm , is to obtain output powers in the range between 1 and 10 mW at 15 percent above threshold current. Emission at 1.55 μm presents problems that are more difficult to resolve, and there is as yet no laser capable of sustained 1.55- μm operation at ambient temperatures. Research on metallo-organic vapor-phase epitaxy is far less advanced and, although researchers have obtained good results with a

Ga Al As laser with a divergence of only 26° in a direction perpendicular to the plane of the active zone and a typical sustained power output of 5 mW, much remains to be done, mainly in regard to the reproducibility and the reliability of the devices.

The LCR was also the first to operate a Ga In AsP laser at $1.15\mu\text{m}$. This laser also has a double heterostructure with two $2.2\mu\text{m}$ indium phosphide confining layers, one an n-type and the other a p-type, and a $0.2\mu\text{m}$ -thick In [as published] active zone of Ga 0.2 In 0.8 As 0.43 P 0.57. To make these devices, the LCR has a horizontal reactor that can process several 2-inch sections at a time, and an experimental vertical reactor.

Parallel and jointly with its work on emitters, the LCR optoelectronics group is also working on $1.3\mu\text{m}$ detectors using the same materials and structure-types. In certain cases, the purpose is served by a Ga In As-on-Ga As linear detector; but in this case, the problems are different: The most important characteristic is the purity of the material, from the standpoint of limiting the parasitic effects of capacitance.

The DCM has already commercialized its $0.85\mu\text{m}$ detectors.

9399

CSO: 3100

NEW BOOK CLAIMS TIES AMONG SECRET SERVICE, POMPIDOU, GISCARD

Paris LE MONDE in French 25 Nov 80 p 12

[Article by Jacques Isnard: "A Former Secret Agent Reveals That Georges Pompidou Wanted to Entrust the SDECE With Espionage Missions of Internal Politics in 1962"]

[Text] In an autobiographical volume, seen to appear, in which he relates his past activities, a former Foreign Documentation and Counterespionage Service (SDECE)* agent, Mr Marcel Le Roy, alias Pinville, reveals that then Prime Minister Georges Pompidou had ordered him to engage in internal espionage missions — illegal entry into labor union offices and the central office of a newspaper — and in operations designed to neutralize or execute French refugee opponents, particularly in Spain after the war in Algeria.

Mr Le Roy also reveals that the minister of finance at the time, Mr Valéry Giscard d'Estaing, had asked for and received from him information — obtained in any way possible, including the theft of American documents in a Cannes luxury hotel — on the U.S. position prior to the so-called "Kennedy Round" negotiations with Europe in 1964. Later, the author had to explain the source of the documents to chief of state General de Gaulle.

Former chief of planning at the SDECE, the French secret service, and today a real estate promoter on the Riviera, Mr Le Roy, now 60, after World War II created Department Seven, responsible especially for secret burglary operations and safecracking in order to microfilm important and useful documents and later for the job of analysis and interpretation handled by specialized information divisions. Mr Le Roy feels that he was a pioneer in the use of these methods in France, later extensively applied in the United States, notably so in the Watergate "plumbers" affair which put an end to Richard Nixon's presidential career. At the peak of its activity, the SDECE's Department Seven managed to open between 20 and 27 diplomatic pouches a day in order to intercept and decode ambassadors' correspondence.

Implicated in the Ben Barka affair — Ben Barka was the Moroccan opposition leader who disappeared in Paris on 29 October 1965 under circumstances that still remain

* Created in 1945 and, since October 1970, headed by Mr Alexandre de Marenches, the SDECE is composed of about 2,000 officials (55 percent civil and 45 percent military) with an overt budget on the order of 400 million francs anticipated for 1981.

far from being cleared up 15 years after the fact — Mr Le Roy was suspended in January 1966. A month later, he was charged with failure to report a crime because he was suspected of not having brought the information he had on the disappearance of the Moroccan leader to the attention of his superiors in time. In his book, the former SDECE agent vigorously defends himself against such an accusation.

Acquitted

Moreover, Mr Le Roy was acquitted in June 1967 at the end of the second trial of the authors of the kidnaping. But his dismissal from the SDECE was confirmed by the Council of State in August 1972. "Could I have replied to the presiding judge," writes the former agent today, "that while sinister plots were being hatched against the Moroccan politician, I was getting ready to steal an American atomic warhead" stored in Frankfurt? That operation, prepared in such detail, had to be suspended.

Specifically on the Ben Barka affair, Le Roy does not contribute any startling revelations. He is satisfied — after reminding us of the warnings addressed to his superiors prior to the Moroccan leader's disappearance — with denouncing the alliance, in France and in Morocco, of hooligans, informers and policemen whom he accuses of having wanted to pin the responsibility for the kidnaping on a heedless SDECE, torn from within, clumsy and badly led. He merely notes that, since then, Department Seven has been dispersed.

Job

But if the book contributes little new information to this last-named affair, it makes up for that by shedding light in a rather unexpected way on the SDECE's relations with Georges Pompidou and Giscard d'Estaing during Charles de Gaulle's first presidential term of office.

Thus the former head of Department Seven reports that Mr Jacques Patault, a member of the prime minister's office from 1962 to 1966, prefect and today chief treasurer of the department of Landes, in cahoots with Georges Pompidou and without having to go through the director general of the SDECE, Gen Paul Jacquier, at that time sought to turn special services activity in the direction of political espionage in France, of obtaining information on the "enemy within" and the labor unions in particular. Le Roy says that he was opposed to this despite the introduction into his department to do just that of agents of the Civic Action Service (SAC), "a Gaullist-type service," he writes, "which is in fact a sort of unofficial police force."

At any rate, the former SDECE chief of planning admits that, acting on orders from the prime minister, he had to train police inspectors, then responsible for spying on the parties and labor unions, in Department Seven methods.

Le Roy also reports that some time after that Patault informed him of Pompidou's wish to recover — if necessary setting fire to the premises afterward to remove any trace of the breakin — various documents stored in the office safe belonging to Jean-Francois Devay, who was then manager of the weekly MINUTE. The head of Department Seven says he refused to do the job, which was based on an illegal conception of how the secret services are to be employed.

Unlike the Departments of National Surveillance (DST), General Intelligence or Military Security, which function inside the country's borders, the SDECE is officially responsible for "seeking out all the information and documentation, outside the country, likely to provide the government with information so that it can warn the departments concerned about agents of foreign powers likely to pose a threat to national defense or security." Its missions are, therefore, primarily oriented to the exterior.*

Nevertheless, SDECE agents periodically continue to complain (LE MONDE, 19 July 1978) of a slow evolution in their missions in the direction of internal intelligence under the pretext of the international struggle against subversion and terrorism that has led the department to arrogate to itself a "followup right" in France as regards its discoveries abroad.

Along another line of thought, Le Roy relates that, in Pompidou's presence at the Hotel Matignon, Patault ordered him to set up liquidation or kidnaping operations in Spain — where they had sought refuge — against Frenchmen who belonged to the OAS, the Secret Army Organization, which had through its attacks opposed Algerian independence. The secret agent explains that, despite the prime minister's astonishment at his lack of discipline and his man in charge of the mission's insistence on considering it to be the SDECE's duty to neutralize these Frenchmen "as [one would] harmful animals," he refused to do the job.

"Contract"

Most of the world's special services are organized to carry out missions called "contracts" (for murder) in France or "murder actions" in the English-speaking countries. During World War II, operations of this kind were carried out by the "action" divisions of the chief intelligence services.

As early as 15 years ago, a book entitled "The Spy Pair," written by a French counterespionage officer under the pen name of Francois Gardes, in fictional form described a Guignol (one of the many SDECE cover names) "murder action" against an American secret agent, guilty of having with the complicity of police officials aided the opposition to the president of France. Francois Gardes' roman a clef very quickly disappeared from the bookshops.

Theft at the Majestic

As for Le Roy, he reports that in 1957 Gen Maurice Challe, then an Army major general, with the assent of Guy Mollet, the chairman of the council, came to the SDECE with a list containing 29 names of foreign nationals believed to be in favor of the arguments for rebellion in Algeria and, because of that, condemned to disappear. Some of these missions were carried out and others were canceled. They were known under the program code name of "brain trust action" and concerned arms dealers, Algerian bigshots or double agents.

* "SDECE Department Seven" by Philippe Bernert and Colonel Le Roy-Finville, 410 pp, Presses de la Cite, about 60 francs.

Created by a socialist government, the former SDECE chief of planning further notes, the "brain trust action" survived the Fourth Republic. But, under the existing circumstances, in line with the request from the Hotel Matignon, it was a matter of organizing intimidations, provocations and neutralizations of French citizens. According to Le Roy, Department Seven's refusal to cooperate led government leaders to entrust these missions to secret agents often recruited from the underworld.

Shortly after that, it was the Ministry of Finance and Economic Affairs that had need of Department Seven in connection with the so-called Kennedy Round negotiations on trade between the United States and the Common Market which began in 1964.

Transmitted by the head office of the SDECE, then minister Giscard d'Estaing's wish was to know beforehand the cards his American partner would be playing at the discussion table. Microphones were placed in the room in the Hotel Majestic in Cannes in which American Undersecretary of State George Ball would be discussing matters with his collaborators. A secret laboratory was set up in the hotel to photograph the documents and a member of the Finance Ministry had the use of a special airplane for rapid and dependable communication with his ministry. In the night, an SDECE agent entered Mr Ball's room and, while the latter was asleep, stole the notes from the American minister's jacket pocket, which were returned to it in the same way after they had been microfilmed.

At the Council of Ministers, Giscard d'Estaing had to explain the source of the documents and Le Roy says that he was then summoned to the Elysee, where he was used to remove the chief of state's doubts before receiving a simple thank you delivered, he writes, reluctantly.

Decline

Because since 1940, relations between the special services and General de Gaulle had always been tumultuous and complex. In his book, Le Roy traces what he calls "the decline of the SDECE" to the president's decision to exclude the department from the negotiations at Evian on Algerian independence in 1961 and 1962.

Furthermore, General de Gaulle had contributed to the redirection of the activities of the services against targets that were not exclusively in the East, like acquiring information on allied countries, including the United States, whose diplomatic pouches in black Africa did not escape the scrutiny of Department Seven. Surveillance of American activities in France formed part of the SDECE's missions. On the other hand, according to Le Roy, it was one of his agents who, on General de Gaulle's personal orders, in 1960 provided the Chinese with the measuring devices necessary for their first nuclear test in 1964.

Generally speaking, the former chief of planning feels that throughout all those years the Gaullist clique "gangrened" and "corrupted" the SDECE by letting it be invaded by SAC members — several of whose names he cites — thrust upon it, according to him, by Georges Pospidou or by Roger Frey at the Ministry of Interior and Jacques Foccart at the Elysee.

11,466

CSO: 3100

REIMS AIR CONTROL CENTER TO BE OPERATIONAL BY 1983

Paris ELECTRONIQUE ACTUALITES in French 28 Nov 80 pp 1, 14

[Article by G. Bidal]

[Text] Reims--The Reims Regional Center for Aerial Navigation (CHNA-eastern area), whose objective is to "relieve" the current control center of Athis-Mons, will be operational by 1983. As early as January 1981 the building under construction will be ready to receive equipment deliveries (radars, computer systems, control panels) most of which is being supplied by Thomson-CSF. This equipment represents a value of 100 million francs, or half of the total cost.

"The decision to set up a fifth control center in Reims (after those of Paris-Athis-Mons, Aix, Bordeaux and Brest) goes back to 1976 when it appeared that by 1982 the Athis-Mons center, of early concept, would no longer make it possible to handle flights over the eastern and northern areas adequately," Mr Abraham, director general of civil aviation, disclosed during a visit to the Reims construction site organized on behalf of the press.

Reims will assure control of air traffic "en route" through the "upper" space of the east and north as well as through the "lower" space within the area of its responsibility; thus, Athis-Mons will retain responsibility only for traffic "approaching" Parisian airports.

The building is under construction and equipment deliveries will be made continuously from January 1981 to October 1982 with the gradual start-up scheduled for the end of 1982. Five to six control "sectors" will be installed at that time (Athis-Mons has 15), but the computer system as a whole is designed for 20 sectors which are to be installed by 1986.

The equipment contracts, nearly all signed as of this date, now amount to 100 million francs for the basic structures and six control "sectors." The total cost of the center is expected to reach 200 million francs divided into four annual sums of 50 million francs each.

Only One-Third of the 1981 Budget

In this connection, Mr Abraham stressed that the proposed 1981 budget calls for a substantial increase: 160 million francs for the "en route" equipment out of a total budget of 184 million (compared with 113 and 134 respectively in 1980).

Thus, in 1981 Reims will absorb only one-third of the expenses: as a result, 53 million francs will be available for equipment in the other four centers to improve radar coverage (a new radar will be installed in Nice in 1981), replace the visual consoles and gradually install a new computer system--the CAUTRA IV. The remainder will be allocated to the air-to-ground communications sector and, in particular, to the replacement of the last ground stations for navigation by lights.

Mr Abraham also emphasized the showcase role the Reims center could play with regard to export, for the first time presenting the latest French technology on the subject of air control at a center handling a large volume (Reims will handle a daily average of 2,400 flights during the summer).

Safety

This technology has not been revolutionary but should--in Reims--lead to substantial improvements in the matter of safety at each control "sector," comprising one station and equipped with two radar visualization consoles (21 and 16 inches) furnished by Thomson, instead of a single console as in the case of the present centers.

However, the heart of the control center will be the CAUTRA IV system (now in its final development stage in Brest); its minicomputer structure now separates the radar functions and handling of flight plans. The STR (Radar Handling System) subassembly is composed of three computers (Sema Mitra 525) two of which are operational in active redundancy and the other a relief unit; the SLPV (Flight Plan Handling System) is dependent upon two computers--one normal, one relief. The masterwork of the CAUTRA IV is the STNA (Aerial Navigation Technical Service), but its realization was subcontracted to ECA-Automation (of the Thomson group) and Eurocontrol.

The matter of safety is further enhanced by a complex telephone system, "Sigphone," for communications between controllers, developed by the CSEE [Signaux and Electrical Enterprises Company]. The possibilities of interconnection with other centers and of a "switching" of control points make the quality of the communications network highly important: the center uses PIT [Telephone and Postal Services] cables but also a radio hookup (furnished by TET [Radio and Telephone Telecommunications Company] from a small integrated station located a few kilometers away.

Although Thomson is cutting itself in for the lion's share of the center's equipment, about 20 other companies, all French, have taken part in its development: we may cite SODEEN, Logabax and Sagem (peripheral data processing), CGCT /General Telephone Construction Company/ (telephonic autocommutator), Philips (TV network), Telerad (V/UHF transmitter-receiver), Merlin-Gerin (undulators), Systelec (remote control units), Cerne and Asmann.

8568

CSO: 3100

NEW IMMIGRATION POLICY SEEN ENCOURAGING

Paris LE NOUVEL ECONOMISTE in French 1 Dec 80 pp 26-27

[Article by Henri Gibier: "The New Hospitality Laws"]

[Text] Entrance tightly closed and exit wide open, the French immigration policy is without ambiguity. But up to now, only 100,000 foreigners have taken the return route, voluntary or forced. There are still 3.5 million "tenacious" immigrants who are beginning to nourish a "ghetto complex" from feeling so little wanted. To avoid finding himself in the near future faced with the French equivalent of the black American problem, Mr Lionel Stoleru doffed his border guard cap Wednesday. One year after ordering a report on this question, at the last meeting of the Council of Ministers the secretary of state for immigration presented 10 measures "of cultural acclimatization" for the foreign population.

This "table of laws" of French hospitality will involve 150 million francs in 1981, provided mostly by the FAS (Social Action Fund). Not all the measures are costly. For example, the desire to improve the reception given immigrants by public services. A handbook and circular recalling the rules of courtesy toward foreigners will be distributed at post offices and social security offices. There is also administrative simplification--elimination of marriage authorization, humiliating and purely formal.

On the other hand, two other series of measures are more extensive. They are aimed primarily at children, this "second generation" of immigrants who often know French better than their own country. The 45,000 immigrant students of the technical sector will thus be able to decide to learn Arabic, Spanish or Portuguese in preference to English. In elementary and secondary education the 900,000 or so foreign students will have 12,000 supervised study hours.

At present, due to lack of private pedagogic support, 200,000 give up their schooling as early as the fifth grade. Lastly, they are to be given assistance in returning home thanks to 50 vacation centers to be set up in the near future in their native lands.

For parents, the chosen remedy is participation. A total of 24 departments, considered desirable because of their heavy concentration of foreigners, will serve to some extent as "mission lands." Government coordinators are organizing on-the-spot conferences among interested parties. Meanwhile, 240 sociocultural promoters, a third being immigrants, will be especially assigned to deal with the problems of youth and women throughout the country. Finally, all companies will henceforth be able to count on one-quarter foreign administrators instead of just one individual, as was the case up to now.

Nothing in this panoply conflicts with the immigration policy drawn up by the government. Simply put, coming soon after the Franco-Algerian accord, Mr Stoleru's initiative will put a gentle end to an initial 7-year period which was difficult for "our" foreigners.

24 Desirable Departments

Departments Receiving the Most Foreigners: National Average;-6 Percent

| Department | Percentage in Population | Number of Foreigners |
|--------------------|--------------------------|----------------------|
| Paris | 15.0 | 354,000 |
| Seine-Saint-Denis | 13.6 | 180,000 |
| Hauts-de-Seine | 13.4 | 194,000 |
| Nord | 7.0 | 176,000 |
| Rhone | 13.4 | 193,000 |
| Bouches-du-Rhone | 9.3 | 152,000 |
| Val-de-Marne | 16.4 | 200,000 |
| Moselle | 11.5 | 116,000 |
| Yvelines | 13.2 | 143,000 |
| Isere | 13.8 | 119,000 |
| Val-d'Oise | 12.3 | 109,000 |
| Essonne | 10.4 | 96,000 |
| Alpes-Maritimes | 11.7 | 96,000 |
| Seine-et-Marne | 11.7 | 89,000 |
| Loire | 8.3 | 62,000 |
| Haut-Rhin | 10.3 | 66,000 |
| Meurthe-et-Moselle | 7.6 | 55,000 |
| Herauld | 8.7 | 57,000 |
| Haute-Garonne | 7.5 | 59,000 |
| Bas-Rhin | 5.6 | 50,000 |
| Gironde | 5.3 | 57,000 |
| Var | 9.5 | 60,000 |
| Haute-Savoie | 11.8 | 53,000 |
| Oise | 7.6 | 46,340 |

BRIEFS

AIRCRAFT DELIVERIES--The air force's delivery program, as foreseen in the 1981 defense budget, calls for the delivery of 72 planes during the next fiscal period. The shipments are broken down as follows: 37 combat planes (28 Mirage F-1 and 9 Jaguar A), 33 training planes (Alpha Jet) and 2 transport planes (Transall, new series). With these deliveries the air force will conclude its Jaguar program, the 200 planes all having been delivered. With regard to the Alpha Jet, by the end of 1981, 97 planes will have been delivered out of a total of 175 originally planned. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

NAVAL AIRCRAFT DEVELOPMENT--According to the present order book, the first New Generation Atlantic plane, currently being developed for the national navy, will fly during the spring of 1981, and the plane will be shown at the next Bourget aircraft show. The first flight of the second prototype is scheduled for the spring of 1982, and the first deliveries should be made in 1986 and 1990. The national navy has ordered 42 New Generation Atlantics. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

NEW MILITARY HELICOPTER--The helicopter division of SNIAS [National Industrial Aerospace Company] has presented a new version of its twin-engined helicopter AS 365 N Dauphin 2, the AS 365 F, in Bourget; the new version is specially equipped to combat surface vessels. Its armament comprises four AS 15 TT antiship missiles with a range of 15 km and radar guidance associated with a Thomson-CSF "Agrion" fire-controlled radar. This new version of the Dauphin 2, which differs only slightly from the AS 365 N, has been ordered by Saudi Arabia to the tune of 20 units, four others being the type AS 365 N. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

PAPER DISCUSSES LATEST POLL SHOWING DECLINE FOR MODERATES

Stockholm DAGENS NYHETER in Swedish 2 Nov 80 p 2

[Editorial: "Slow Drift Toward the Middle?"]

[Excerpts] According to Soren Holmberg and Olof Petersson in their new book "Within the Margin of Error," anyone who interprets the latest poll by the IMU [Institute for Market Research] as a trend toward the middle, with an ostensible flow of votes from the Conservative to the Liberal Party and from the VPK [Left Party Communists] to the Social Democrats, would surely be falling victim to the more or less biased "overinterpretation" of public opinion polls which both commentators and--in a more secret way--party strategists are guilty of.

The fact is that one seldom knows whether shifts from one month to the next are real or the result of sampling errors. Only long-term continuing trends provide anything to rely on. And even less can one know what causes the monthly swings--or whether they even exist at all except in the computer calculations.

Does statistical success have an actual political effect, in the sense that a winning party in, say, the nonsocialist corner (apparently winning, that is, according to the public opinion polls) attracts the relatively undecided vote in the next poll? And does it do the opposite when the pendulum swings the other way and shows a percentage drop for a particular party?

That classic question as to whether public opinion polls influence public opinion is also posed, of course, by Holmberg and Petersson, and this has even led the Swedish Language Committee to propose the terms "advantageous effect" and "disadvantageous effect" to cover the two phenomena. The two researchers do not seem inclined to attach any real importance to either.

11798

CSO: 3109

ECONOMIC PREPAREDNESS CHIEF URGES INCREASED FUNDS

Stockholm DAGENS NYHETER in Swedish 15 Nov 80 p 33

[Article: "Economic Defense Limited Preparedness for the Most Important"]

[Text] Stingy appropriations and poor planning has characterized our economic defense, thinks the director general of the Board of Economic Defense Gunnar Nordbeck. In the future we must concentrate on certain absolutely necessary maintenance area; transfer prestocking over on the companies and reduce our dependency on strategic merchandise.

The recent criticism of the preparedness in the mass media is biased even if it is not directly wrong, said Nordbeck.

--It is obvious that there are shortcomings in an operation that stocks and turns over 6 billion kroner worth with hired personnel that numbers 25, and warehouses spread out over approximately 500 places in the country.

The criticism batters at an open door, said Nordbeck. At the same time, he was careful to emphasize that the appropriation OEF received was only half of what was needed and half of what was mentioned in the 1977 defense resolution.

The new direction in our economic defense was presented by Nordbeck at the Swedish Civil Defense Federation official meeting in Stockholm on Friday. He was very critical of the model that the government powers have shown up to now for the economic defense.

--The plan has been based on the fact that we in general keep the whole social machinery operating during war or blockade. The development of the society, however, is rapid and it is impossible to oversee it in its entirety.

--The result has been that a great quantity of more or less outdated plans for different community sectors have been collected, said Nordbeck.

Greater Risks

Such an "all encompassing" objective is hardly realistic today, in Nordbeck's opinion. Instead, the economic defense must be directed towards securing the prestocking of the most necessary merchandise during a long time period.

--This new direction involves great risks to be taken. This the politicians must accept if they are not willing to give the economic defense considerably greater resources than now.

The absolutely necessary priorities in the preparedness areas are food, clothing, heating, hygiene, health-and medical treatment, as well as energy and transportation.

--This plan creates a net of shelters which we under all circumstances can depend on.

Nordbeck even announced other changes. It is important to find alternatives for the extremely costly prestocking, he explained.

The need of industry for different quantity of specific raw materials changes constantly. It is hard to make sure that the state stocking of material constantly corresponds with industry's needs.

--We must get a transfer of stocks directly from the companies referred to, said Nordbeck.

For certain raw materials, for example, oil, we are completely dependent on import. It is not advantageous to utilize some other important raw materials in Sweden today. Nordbeck mentioned vanadin as an example, an alloy which, among others, is mined in South Africa.

--Swedish vanadin mining would be fine for preparedness reasons. Aside from that, it would reduce our budget deficit and improve employment.



Gunnar Nordbeck

9.83

CSO: 3109

BUSINESS WILL BE LESS ACQUIESCENT TOWARD GOVERNMENT IN 1980'S

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 80 p 8

[Commentary by Tom Hoyem]

[Text] The 1980's will be offensive years for business under the sign of neoliberalism.

Swedish business will no longer stand with hat in hand, apologizing for its very existence. Some law or other type of restriction which business accepted came out about every 10 days throughout the 1970's. The 1970's were characterized by a defensive attitude. The 1980's will be offensive years in which the growth of the public sector and socialization will not be taken for granted. There will be better conditions for stressing private instead of public enterprises. Why not make the postal system, hospitals and health care private businesses? Who says the public sector is best suited to handle these things? It is good and proper to talk about capitalism. The market economy is inextricably bound up with a democracy that respects the freedom of the individual.

Is the Sweden of the future to be a creative Sweden or a caretaker Sweden? Will there be room for imagination, initiative, determination and hard work or will the desire to work be lost in bureaucracy, unprofitable envy and a nostalgic fear of technology and progress?

Topics of this magnitude were discussed at the recent congress of the Swedish Employers' Confederation. And discussion alone was not enough. This was a rejection of the national economic ideas of John Maynard Keynes which have dominated large parts of political thought in this century. This was a welcome to the return of the theoretician Adam Smith from the 1700's. It is a deliberate launching of neoliberalism. The employers' group will change its style and administrative form. When state authorities often make wage negotiations an illusion, when modern society makes strike and lockout methods problematical, the employers' group must also take an active part in the social debate. For many years LO [Swedish Federation of Trade Unions] has had a patent on political influence through the structure of the two wings of the labor movement. In Sweden both the LO chairman and other union leaders have sat in parliament as Social Democratic representatives.

We have to become involved too, said SAF [Swedish Employers' Confederation]. The first step was to free all SAF directors from routine work. Instead they will take the offensive in social debates and the group admitted with pride that it intends to become a political pressure group along the lines of the American organizations often negatively called "lobbies." Information campaigns are underway and many others will follow. About 20 million Swedish kronor a year goes into campaigns across the country. Often there have been campaigns against something, for example workers' funds, public expansion, the tax system, lack of norms in the schools. Now they want more campaigns in favor of something, such as market economy, rewarding extra work performance, a freer business sector without subsidies. They want to participate in the forming of public opinion. And not just to make people understand the banal but forgotten fact that without production and exports everything would grind to a halt.

SAF's information and press activities will be strengthened and employer representatives will be trained to improve their skills in participating in the social debate.

Some 900 members took part in the congress and dealt with 200 proposals. The majority came from small businesses which are drowning in paperwork and problems. The membership consists of 37,600 firms with 1.3 million employees. Half have fewer than five employees. SAF employs 300 workers itself. They have had great success in the last few years with the Ratio Press which has released a long list of books written for the general public by many of the most prominent Swedish business people in an interplay of economics, research and culture. The books have attracted well-deserved attention and the "opinion monopolists" (Swedish: "proffstuckere") have been worried about the sudden emergence of counterparts on a qualified intellectual level.

Capitalism could become petrified and expire in decadence. That is the theme of a revival movement--and market forces need this since Keynes has ended up in a bureaucratic capitalism lacking in imagination, according to leading SAF people.

The new SAF Bible is the French journalist Henri Lepage's "Tomorrow, Capitalism." Individual choice is central, competition is decisive for democracy. The neoliberal revival is actually American and at many universities it is growing as quickly as left-wing orientation did in the late 1960's. (Incidentally, Sweden and Austria are the only countries where nonsocialist students dominate the university environment.)

Adam Smith attacked the feudal control of the 18th century. Neoliberalism claims to wage the same battle against the monopoly position of the public sector. The most extreme neoliberals have similarities with Marxist fanatics in that both represent themselves as exponents of a total scientific concept of existence. They don't go that far in Sweden but they say that the police, the armed forces and the legal system have to be under public control, but who has shown that other areas could not become private to the benefit of the state and the individual?

SAF also wants to combat all protectionist efforts and it is working for free trade and greater internationalism.

A leading American businessman once put it like this: "If you're not in business for fun or profit, what in hell are you doing here?" For many years business has been concerned with its profits and its attackers have been just as singleminded in focusing on that concept. But without profits, everything would go to pieces, SAF says and without an active and imaginative private sector citizens will have neither fun nor freedom.

SAF has written off the 1970's. Now they're going to fight for the 1980's.

6578

CSO: 3106

PAPER CRITICIZES LO'S WAGE DEMANDS AS IRRESPONSIBLE

Stockholm DAGENS NYHETER in Swedish 19 Nov 80 p 1

[Editorial]

[Text] Should LO [Swedish Federation of Trade Unions] stay out of wage negotiations? That is the logical conclusion of Gunnar Nilsson's statement on Tuesday that LO cannot assume any socioeconomic responsibility this year.

This is the first time, as Gunnar Nilsson pointed out, that LO has made such a statement. He stressed that economic leeway is a "secondary issue" this year. The decisive factor is the shaping of economic policy, especially the tax reform.

LO has not estimated the cost of its demands but the total cost increase for employers in 1981 should be around 16 percent. LO predicts that other organizations, primarily the four in the public sector, will ask for about the same. It is likely that all groups representing workers will be blaming exaggerated wage demands on the government this year. Workers cannot assume their responsibility when the government refuses to assume its share.

However the demands are directed at the employers and the individual firm must ask what justification LO has for trying to push through ruinous cost increases. In a negotiation between employers and workers economic leeway cannot be pushed to one side as a secondary issue no matter how unsuccessful the economic policy is. Economic responsibility is not something workers can accept or reject depending on the circumstances. In any situation no matter how it came about the important thing is to act out of consideration to the consequences.

How much blame does the government deserve for "forcing" workers to demand more than there is leeway for? The LO economic statement Tuesday said that government economic policies have failed both in Sweden and in most other industrial nations. Governments have been unable individually and collectively to master oil price increases, the growing power of multinational companies and increasing international speculation, it is charged.

The Swedish Government should have handled many things differently but it would not have done any better if it had followed the instructions of those who now regard themselves as free of responsibility because the government did more

things wrong. The union organizations' recipe for dealing with the economic crisis is very wide of the mark. Incidentally they should have learned to regard the fact that governments make mistakes as something normal, not as something exceptional.

In the debate earlier this fall LO claimed that index regulation of tax rates would hurt low-income workers if 1981 wage increases are much lower than 12 percent. Not until wage increases reach that level is index regulation neutral, as intended. That is the main reason why LO is asking for high nominal wage increases this year.

But the distribution desired by LO could have been achieved with a strongly equalizing wage profile. With lower overall wage increases channeled to low-wage earners the effects of the tax reform could have been neutralized without hitting us with continued high inflation.

In the choice between high wage increases and a stress on equalization, LO has said "yes and no." The argument that index regulation is hard on low-wage earners has no relevance at the level at which LO made its demands. Even so LO will place large amounts of money in an equalization supplement that will give a 16.4 percent gross wage increase to those earning 45,000 a year and nothing to those earning 132,000 kronor a year. The total effect of the tax changes and the wage increases would thus be strongly equalizing. Of course LO thinks that all organizations should adjust to this pattern or be forced to do so.

But experience suggests that LO is not strong enough to push such a solution through. LO can join with public employees to drive up the general wage level the way it did in the spring in the belief that this would guarantee real wages. Or it can try to win the support of SAF [Swedish Employers' Confederation] and public employers for a settlement at a low cost level with a strong equalization profile. But that would hardly force the wage level up while at the same time directing wage distribution. LO has no power over civil servant contracts. An understanding with employers must be reached to affect these.

When LO claims that "solving the problem of distribution is facilitated by high nominal wage increases" it is turning things upside down. It has become totally fixated on the tax rate, ignoring everything else. High wage hikes hurt employment and thus the weakest members of the labor market. Inflation erodes a unified wage policy and reduces union control over wage developments. Speculators and property owners benefit at the expense of savers. Nothing makes a solution of the problem of distribution more difficult than inflationary wage increases.

6578

CSO: 3109

EMPLOYERS' FEDERATION TO ADOPT MORE POLITICAL ROLE

Stockholm DAGENS NYHETER in Swedish 17 Nov 80 p 6

[Article by Clas Barkman]

[Text] The Swedish Employers' Confederation, SAF, is being transformed from a negotiating organization into a political pressure group along American lines.

That is clear if one reads the motions for the SAF congress to be held at the end of the week. The impression is further reinforced by the reorganization made in the association so it can conduct its campaigns more effectively. SAF's entire management group has been freed from daily routine activity in order to devote itself to campaign work.

SAF, the employers' group, is being transformed from an interest and negotiation organization into a political pressure group.

Right now campaigns are going on against worker funds, the public sector, lack of requirements in the schools, the tax and subsidy system, etc. At the same time SAF is propagandizing for business freedom, a strong market economy and greater wage distribution.

SAF spends over 20 million kronor each year on its information campaigns.

In SAF's eyes the decade of the 1970's was one big failure. A long list of labor market laws such as MBL [expansion unknown], the Aman law and others passed despite SAF's disapproval. According to SAF these laws have strengthened the power of the workers at the expense of the employers.

To prevent a repetition of what happened during the 1970's SAF is now putting a lot of emphasis on influencing politicians, people in power and public opinion in this country. Using the American system of influencing politicians, known as lobbying, as a model SAF has assigned special colleagues to act as contacts with parliament and the government chancellery.

Different Traditions

"America and Sweden have different traditions in this area but in principle it's the same. In SAF we have Bjorn Tarras-Wahlberg who takes care of lobbying. We'll probably do more of that in the future but it's only one among several ways of doing things."

These remarks were made by SAF information chief Sture Ekilsson.

The emphasis on shaping opinion and influencing politicians and other people in power is based on the fact that SAF no longer believes that the decisive resolutions are made at the negotiating table, where SAF meets LO [Swedish Federation of Trade Unions] and PTK, the Private Salaried Employees' Cartel. Instead SAF intends to acquire some political influence.

SAF's new role as political soothsayer with representatives of the association acting more like statesmen than employer representatives is not being accepted as a matter of course, however.

Criticism

Within SAF leaders there is criticism about devoting their efforts more toward general policy than toward the special interests of the group's members.

Previously SAF's entire organization was directed toward negotiation and recurrent routines.

But several months ago the employers' group reorganized in order to be able to enter the social debate more quickly and with greater effectiveness. All of the old management people in SAF are no longer directly responsible under the new organization for current activities. Instead they are now part of a leadership group working on time-limited programs, campaigns and projects.

With the new organization SAF hopes to be able to occupy a more central position in forming public opinion.

Effective

In principle SAF can engage in most general political issues and take stands on them. As long as the work occurs according to the objective of the association, "to promote the mutual interests of employers" (Section 1 of the SAF statutes) the political work can continue.

The SAF management people think the campaigns waged in connection with such things as nuclear power, the labor conflict this spring, etc. were very effective. This is also true of the work to restrain expectations prior to contract negotiations.

During the spring conflict SAF put a lot of emphasis on supplying the mass media with press information. SAF feels that too was successful.

Among other things the management found that "afterwards the workers felt they had more to complain about with respect to mass media coverage than SAF did."

Press Releases

The press service of the Business Life organization, with the support of SAF, sends out weekly releases to around 120 local newspapers containing SAF material. Prior to this year's SAF congress the organization made an "exclusive offer" to a number of daily papers involving complete coverage with articles and pictures of events at the congress.

The employer organization is now stressing having individual firms cooperate on the local level in shaping public opinion. By next year therefore SAF intends to start a political education course for employers to train firms in entering into the social debate.

General political developments, the market economy, wage policy and worker democracy issues are examples of what the course would include. In addition it will include presentation tactics to enable individual firms to sell the views they and SAF hold.

Shaping Opinion a Major Issue

Shaping public opinion will be one of the major issues at the SAF congress at the end of the week.

SAF chairman Curt Nicolín feels the association must now take the initiative and indicate which important political decisions must be made to get the country back on its feet.

One of the motions calls for a real beefing up of campaign funds, 100 kroner per employee in the member firm.

If this is implemented it will produce about 130 million kroner more for public opinion work.

Unlike most other congresses the SAF congress is only advisory. The directors and the assembly are still the highest decision-making bodies.

The word "congress" does not even occur anywhere in the statutes.

But this does not mean the congress is without interest. It gives a rare opportunity to gain some insight into the internal SAF debate. A debate based entirely on politicizing activities.

Over 900 Delegates

SAF's first congress was held in 1977. The same year the organization celebrated its 75th anniversary. Instead of inviting members to a traditional anniversary party the SAF directors decided to arrange a congress.

Over 900 delegates have gathered for the congress, about 10 of them women.

In 2 days the delegates will take up 200 motions divided up into eight subject areas.

The main issue is opinion formation. Other motions call for changing several labor market laws and agreements. Many motions are aimed at stopping growth in the public sector while others call for big reforms in the tax system.

Few Rejected

Most of the motions come from small businesses within SAF which represent the majority of proprietors in the organization.

The SAF directors have a positive attitude toward most of the motions. Only a few were rejected. One of them called for giving extra wages to workers who are teetotalers, another proposed dividing SAF into two groups, one for big and one for small firms.

In all there are around 37,600 firms in SAF with roughly 1.3 million employees. Half the member firms have fewer than five employees.

The employer association consists of 36 branch groups. The biggest is the Engineering Association, VF, with over 320,000 employees.

The smallest is the Swedish Millers' Association with around 750 workers and salaried employees.

6578

CSO: 3109

BRIEFS

LEFTIST STUDENTS WIN--Leftist parties in the Stockholm University student body won the votes in the student election held on the weekend. The nonsocialist party which now controls the student body, the O'68 Nonsocialist Union, lost several seats. But it is still the biggest student party despite its decline. The party received roughly 40 percent of the votes. That means 17 seats on the student council (a loss of 3 compared with last year). The second largest party is the Communist Secondary School Society/VPK [Left Party Communists] which received about 30 percent of the votes. The party will have 11 seats (a gain of 1). The Social Democratic student party also gained 1 seat. The party now has 7 student council seats. Last year Clarte had no council seats but this year the party got one. The Liberals have 3 seats, the same as last year. The Independent Students Party has 2 mandates, the same as last year. Some 30 percent of the students in Stockholm took part in the election. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 80 p 11] 6578

TECHNICAL UNIVERSITY ELECTIONS--The student party known as the Nonsocialist Technologists is expected to remain on the Technical University's Student Council following the annual election which was held Saturday afternoon. Of the 45 seats on the council the Nonsocialist Technologists won 22, one less than last year. They will be working on the council with an entirely new student group, the Technologist Party (not to be confused with a former party of the same name), which won 5 seats. The two other parties taking part in this year's election were the Social Democrats who received 5 seats (a gain of 2) and the Socialist Student Front which won 12 (a gain of 5). Clarte, the Liberals and Foreign Technologists, all currently represented on the council, did not run for election this year. Some 37 percent of those registered at the Technical University voted in the election. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 80 p 11] 6578

CSO: 3109

END

END OF

FICHE

DATE FILMED

13 Jan. 1981

D.D.